



Daily Report

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Daily Report

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CONTENTS

11 December 1990

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

| | |
|--|---|
| Baker, Shevardnadze Start Talks in Houston [XINHUA] | 1 |
| TA KUNG PAO Views Li Peng Tour [11 Dec] | 1 |
| PRC Abstains in UN Postponement Vote [XINHUA] | 2 |
| UN Magazine Praises PRC Hydropower Development [XINHUA] | 2 |
| Chinese, Japanese Scholars View Socialism [BEIJING REVIEW No 48] | 3 |
| PRC Official To Chair International Qigong Federation [XINHUA] | 8 |

United States & Canada

| | |
|--|---|
| Pentagon Warns of Continued Iraqi Buildup [XINHUA] | 8 |
| Bush To Seek Billions for Gulf Deployment [XINHUA] | 9 |
| U.S. Professors View PRC Economic Reform [XINHUA] | 9 |

Soviet Union

| | |
|---|----|
| Food Offer to USSR Reportedly 'Touched a Nerve' [AFP] | 10 |
| LIAOWANG Views Soviet Situation, Measures [Hong Kong LIAOWANG OVERSEAS EDITION 3 Dec] | 10 |
| Soviet Communist Party Plenum Opens [XINHUA] | 12 |
| Gorbachev on Union Treaty [XINHUA] | 12 |
| Supreme Soviet Passes Trade Union Law [XINHUA] | 13 |
| Gorbachev Congratulates Walesa on Election [XINHUA] | 13 |

Northeast Asia

| | |
|---|----|
| Li Ruihuan Meets KCNA Director [XINHUA] | 13 |
| DPRK, ROK Prepare for Prime Ministers' Talks [RENMIN RIBAO 4 Dec] | 13 |
| DPRK Premier Leaves for Talks [XINHUA] | 14 |
| Arrives in Seoul [XINHUA] | 14 |
| No ROK UN Application This Year [XINHUA] | 14 |
| DPRK Trade Union Delegation Visits Liaoning [LIAONING RIBAO 29 Oct] | 14 |
| Li Peng Meets Japanese Delegation 30 Nov [RENMIN RIBAO 1 Dec] | 15 |
| Japan, DPRK To Hold Talks in Beijing 15 Dec [XINHUA] | 16 |
| Kaifu To Submit Another UN Corps Bill [XINHUA] | 16 |
| Japan To Assume More Costs for U.S. Forces [XINHUA] | 16 |

Southeast Asia & Pacific

| | |
|--|----|
| Reportage on Li Peng's Visit to Malaysia | 16 |
| Mahathir Hosts Banquet [XINHUA] | 16 |
| Mahathir Toast [XINHUA] | 17 |
| Li Toast Notes 'Stable' China [XINHUA] | 18 |
| Li-Mahathir Talks Begin [XINHUA] | 19 |
| East Asian Market Discussed [Tokyo KYODO] | 20 |
| Comparison of Li Arrival | 21 |
| Railroad Delegation Arrives in Burma [XINHUA] | 21 |
| Son Sann Condemns SRV Over Cambodia Solution [XINHUA] | 21 |
| Efforts To Form Thai Government Noted [XINHUA] | 22 |
| More on Canberra Embassy Protest [XINHUA] | 22 |
| Philippines' Manglapus Optimistic on Bases Accord [XINHUA] | 23 |

Near East & South Asia

| | | |
|--|---------------|----|
| Yang Shangkun Receives Special Saudi Envoy | [XINHUA] | 23 |
| Kuwaiti Official on Linking Gulf, Palestinian Issues | [Manama WAKH] | 23 |
| King Husayn Calls for Arab Dialogue on Gulf | [XINHUA] | 24 |
| Pakistani President on Peaceful Nuclear Uses | [XINHUA] | 24 |

East Europe

| | | |
|--|---|----|
| Walesa Admits 'Terribly Difficult Tasks' Ahead | [XINHUA] | 25 |
| Polish Trade Union Delegation Visits Liaoning | [LIAONING RIBAO 29 Oct] | 25 |
| Bulgarian Students Split Over Strike | [XINHUA] | 25 |
| Journal Examines Current Albanian Reform | [Hong Kong LIAOWANG OVERSEAS EDITION 3 Dec] | 25 |

NATIONAL AFFAIRS

Political & Social

| | | |
|---|-------------------------------|----|
| State Council Appointments, Removals Announced | [XINHUA] | 28 |
| NPC Chairman Wan Li's Resignation Rejected | [Hong Kong CHING PAO 10 Dec] | 28 |
| Rumors of Deng's Health Spread Abroad Again | [Hong Kong CHING PAO 10 Dec] | 28 |
| Deng Develops Mao Party-Building Thought | [RENMIN RIBAO 7 Dec] | 29 |
| Seminar Studies Deng Xiaoping's Theoretical Ideas | [RENMIN RIBAO 3 Dec] | 33 |
| Li Peng Hails Jilin Gas Well Discovery | [XINHUA] | 34 |
| Li Peng Writes Inscription for Examination System | [BEIJING RIBAO 31 Oct] | 35 |
| Li Peng Signs State Council Decree No 66 | [XINHUA] | 35 |
| State Gives New Employment Agencies Tax Break | [XINHUA] | 35 |
| Reportage on 'December 9th' Movement Anniversary | | 35 |
| Students Visit Veterans | [XINHUA] | 35 |
| Beijing Students' Mood Noted | [Hong Kong WEN WEI PO 10 Dec] | 36 |
| Democracy Association Congress Plenum Closes | [XINHUA] | 37 |
| All-China Women's Federation Meeting Opens | | 37 |
| Greater Development Urged | [XINHUA] | 37 |
| New Vice Chairmen Elected | [XINHUA] | 38 |
| Reform Improves Public Health Undertakings | [XINHUA] | 38 |
| Article Urges Preserving Worthwhile Traditions | [RENMIN RIBAO 30 Nov] | 38 |

Military

| | | |
|---|-------------------|----|
| Air Defense Construction Meeting Opens in Tianjin | [Tianjin Radio] | 40 |
| Henan's Hou Zongbin Sees Army Opera Troupe | [Zhengzhou Radio] | 40 |
| Technology of Guided Missile Systems Enhanced | [Beijing Radio] | 40 |

Economic & Agricultural

| | | |
|--|--|----|
| Wang Bingqian Views Continuation of Austerity | [RENMIN RIBAO 7 Dec] | 40 |
| Economist Zhao Xiaodi Discusses Market Mechanism | [CHINA DAILY 8 Dec] | 41 |
| Commentator Urges Smooth Commodity Circulation | [RENMIN RIBAO 30 Nov] | 42 |
| Commentator on Running Integrated Enterprises | [RENMIN RIBAO 2 Dec] | 43 |
| Experts Urge End to Regional Protectionism | [CHINA DAILY (BUSINESS WEEKLY) 10 Dec] | 44 |
| Prospects for Foreign Debt Repayment Said Bright | | |
| | [CHINA DAILY (BUSINESS WEEKLY) 10 Dec] | 45 |
| Official Discusses Repayment of Foreign Debts | [CEI Database] | 45 |
| Foreign Economic Ties in 1990's Viewed | [RENMIN RIBAO OVERSEAS EDITION 15 Nov] | 46 |
| Foreign Funds To Help Expand Steel Production | | |
| | [CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) 3 Dec] | 48 |
| Price Increases in 1990 Lower Than Expected | [Hong Kong WEN WEI PO 3 Dec] | 49 |
| Workers' Wages Increase Steadily During Plan | [XINHUA] | 50 |

| | |
|---|----|
| Energy Production Expected To Top Quotas [CHINA DAILY 8 Dec] | 50 |
| Nuclear Industry Makes Gains, Fulfills Targets [XINHUA] | 51 |
| 'Roundup' Views Expected Offshore Oil Output [XINHUA] | 51 |
| Planners Stress Yangtze River Area Investments [Hong Kong SOUTH CHINA MORNING POST 11 Dec] | 52 |
| Commodity Grain Production Bases Increase Output [RFNMIN RIBAO 2 Dec] | 52 |

REGIONAL AFFAIRS

East Region

| | |
|--|----|
| Shanghai To Host 12 International Trade Fairs [XINHUA] | 54 |
| Shanghai's Zhu Rongji Downplays Exchange Opening [HONGKONG STANDARD 8 Dec] | 54 |
| Mayor Zhu Attends Meeting on Bridge Feasibility [Shanghai Radio] | 55 |
| Interregional Cooperation Thrives in Fujian [XINHUA] | 55 |

Central-South Region

| | |
|--|----|
| Guangzhou Boosts Services for Foreign Enterprises [XINHUA] | 56 |
| Cadres Urged to Implement Jiang's Directives [Nanning Radio] | 56 |
| HAINAN RIBAO To Start New Edition [XINHUA] | 58 |

North Region

| | |
|--|----|
| Shanxi Governor on Local Energy Resources [BEIJING REVIEW No 47] | 58 |
|--|----|

Northeast Region

| | |
|---|----|
| Jilin Oilfield Meets Production Task Early [Changchun Radio] | 61 |
| Jilin Industrial Enterprises Achieve Increase [Changchun Radio] | 61 |
| Jilin Reports 'Notable' Transportation Achievements [Changchun Radio] | 61 |
| Jilin Studies Party Rules, Regulations [Changchun Radio] | 61 |
| He Zhukang Speaks at Theory Study Forum [Changchun Radio] | 62 |

Northwest Region

| | |
|--|----|
| Gansu Secretary Commends Outstanding Athletes [Lanzhou Radio] | 62 |
| Xinjiang's Anti-Corruption Drive Pays Off [XINJIANG RIBAO 4 Nov] | 62 |
| Xinjiang Expands Medical, Health Services [XINHUA] | 64 |

TAIWAN

| | |
|--|----|
| Finance Minister Views USSR Trade Relations [CNA] | 65 |
| Mexico To Issue Entry Visas for Taiwan Citizens [CNA] | 65 |
| New Ambassador Meets South African President [CNA] | 65 |
| Visa Restrictions Eased for Nine Countries [CNA] | 65 |
| Hao Greet Overseas Chinese Affairs Commission [CNA] | 66 |
| Senior Presidential Adviser Interested in Top Job [Taipei International] | 66 |
| Nuclear Power Plant To Begin Operation in 8 Years [CNA] | 66 |
| Draft of New Territorial Waters Bill Formulated [CHINA POST 6 Dec] | 66 |

HONG KONG & MACAO

Hong Kong

| | |
|---|----|
| Official Urges PRC-UK Contacts on Issues [HSIN WAN PAO 10 Dec] | 68 |
| Sino-British Joint Liaison Group Begins Meeting [XINHUA] | 68 |
| Personnel Changes Not To Affect PRC Policy [SOUTH CHINA MORNING POST 10 Dec] | 69 |
| March Protests Trial of Dissidents in China [SOUTH CHINA MORNING POST 10 Dec] | 69 |
| PRC Research Group To Study Hong Kong Laws [SOUTH CHINA MORNING POST 10 Dec] | 69 |
| Meaning of Zhou Nan's 'Outpost' Remark Viewed [WEN WEI PO 9 Dec] | 70 |
| XINHUA Remarks on Bill Termed 'Puzzling' [HONGKONG STANDARD 10 Dec] | 71 |

General

Baker, Shevardnadze Start Talks in Houston

OW1112024490 Beijing XINHUA in English
0128 GMT 11 Dec 90

[Text] Washington, December 12 (XINHUA)—U.S. Secretary of State James A. Baker and Soviet Foreign Minister Shevardnadze met this morning in Houston, amid signs that the United States may provide certain form of humanitarian assistance to the Soviet Union.

There were also indications that Baker and Shevardnadze may not be able to finalize the proposed strategic arms reduction treaty and set dates for a U.S.-Soviet summit, which is one of three primary objectives of their two-day meeting. The other two topics were the U.S. economic aid to the Soviet Union and regional conflicts, such as the Gulf crisis.

According to reports reaching here, Shevardnadze, posing for pictures with Baker before the first round of their talks, was straightforward about his country's economic plight.

"We would appreciate it, probably some food supplies. That is the most key problem and, of course, efficient economic operations," the Soviet official said.

Baker said that "as far as humanitarian assistance, medical assistance, food and that sort of thing, I know the President (of United States) will be forthcoming with respect to trying to help."

Meanwhile, White House Spokesman Marlin Fitzwater said in Washington that U.S. President George Bush is considering to waive the Jackson-Vanik Amendment, which denies the Soviets preferential lower tariffs and access to U.S. credits.

However, Bush has not yet made a decision and is reviewing all options, pro and con, on suspending Jackson-Vanik Amendment throughout this week, Fitzwater said.

As for the next summit meeting between Bush and Soviet President Mikhail Gorbachev, Fitzwater said that its date will be "dependent" on the progress of the strategic arms treaty. "We don't plan to have one without a start treaty in hand," he said.

The treaty to slash by 30 percent the overall number of the long-range nuclear missiles, bombers and submarines of the two countries is nearly finished, but some issues remain unsettled, concerning mostly compliance measures of the treaty.

Asked about the prospects of completing the start treaty, Baker simply said that he would know more after his meetings with Shevardnadze.

The ASSOCIATED PRESS quoted an unidentified U.S. official as saying that "we don't expect the treaty to be wrapped up in Houston." "Still, we hope for completion early next year," he said.

TA KUNG PAO Views Li Peng Tour

HK1112043890 Hong Kong TA KUNG PAO in Chinese
11 Dec 90 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Li Peng's Visit to Four Countries, Including Malaysia and the Philippines"]

[Text]

Paying a Friendly Return Visit to Four Countries

State Council Premier Li Peng and his party left for Kuala Lumpur yesterday on a 10-day visit to four countries including Malaysia, the Philippines, Laos, and Sri Lanka. This once again shows that China enjoys a good relationship with various Asian countries.

The four countries being visited are located in Indochina, Southeast Asia, and South Asia. Malaysian Paramount Ruler Sultan Azlan Shah visited China early last October to attend the Asian Games and its closing ceremony and brought with him an official invitation from the Malaysian Government for Premier Li Peng to visit Malaysia. During the talks, both sides were happy to see that friendly cooperation between China and Southeast Asian countries had been increasingly augmented. Both sides also exchanged views and achieved a broad consensus on such issues as the Cambodian issue and the Gulf situation.

Philippine President Corazon Aquino paid a visit to China in April the year before last (1988), when she first went to Hongjian Village in Longhai County, Zhangzhou City, Fujian Province, to meet the relatives and their family members of her ancestors before she flew to Beijing to pay a national visit. This shows that the friendly relationship between China and the Philippines goes back to ancient times. At that time, Li Peng was just appointed by the People's Congress as the new State Council premier. Li Peng's return visit this time will, on the basis of the existing good relationship, further deepen the mutual understanding between China and the Philippines, and strengthen the cooperative relations in all fields.

Relationship Between China and Vietnam Is Tending Toward Normalization

Prime Minister of Laos Kaysone Phomvihane visited China in the first ten-day period of October last year. Bordering on each other, China and Laos enjoyed a good relationship in the past. As a result of Vietnam's pursuance of an anti-China policy, Laos cooled its relationship with China at the behest of Vietnam. However, through his visit to China in October last year, Kaysone took the lead in restoring relations between the two countries and

two parties. Four documents were also signed during his visit, including the China-Laos Consular Treaty, Cultural Agreement, Interim Agreement on Border Affairs, and Agreement on Mutual Exemption of Visas. In addition to being a reciprocal one, this return visit of the Chinese premier to Vientiane also serves to lay down a longer-term solid foundation to further step up the friendly cooperation between the two neighboring border countries.

At present, the relationship between China and Vietnam is also taking a turn for the better. The participation of the Vietnamese delegation led by Vo Nguyen Giap, vice chairman of Vietnamese Council of Ministers, in the opening ceremony of the Asian Games last September was the first of its kind since the deterioration of Sino-Vietnamese relations. Previously, leaders of the Vietnamese Communist Party, such as Nguyen Van Linh, had also made secret visits to China to hold talks on a peaceful resolution of the Cambodian situation, thus reopening direct dialogue between leaders of the two countries.

Because of the normalization of Sino-Soviet relations as well as Gorbachev's change of policy to stop rendering military and economic support to Vietnam's invasion of Cambodia, Vietnam has lost support and backing. In addition, since it is proceeding with reform and opening up, Vietnam is thus willing to resolve the Cambodian issue through political means. Therefore, the prospect for a peaceful resolution of the Cambodian issue is optimistic. From a long-term point of view, Chinese premier's visit to Indochina at this particular moment heralds the establishment of a future good relationship between China and the whole Indochina region.

China Will Be on the Side of the Third World Countries

Following his visit to three ASEAN countries including Thailand, Indonesia, and Singapore last summer, Li Peng is now making another visit to Malaysia and the Philippines. This gives expression to the improved relations between China and the ASEAN countries.

Over the years, the Southeast Asian countries have always felt frightened by and restless around China, fearing China will support local communist activities in their own countries. Convinced by facts over the past more than 10 years as well as the change in the international situation, they now believe China is pursuing a policy of reform and opening up today which first requires a stable and peaceful international environment.

The development of the Gulf situation over the past four months proves China is playing an important and active role in the United Nations to safeguard world peace. China will speak for the Third World and will be on the side of the Third World on major and important issues. This international image has made a favorable impression on various countries.

PRC Abstains in UN Postponement Vote

*OW1112034490 Beijing XINHUA in English
0234 GMT 11 Dec 90*

[Text] United Nations, December 10 (XINHUA)—The U.N. Security Council tonight decided, once again by a vote of nine in favor, four against and two abstentions to postpone a voting on a draft resolution on the situation of the Middle East.

The motion to postpone the voting until 6 PM next Wednesday was once again made by the Soviet representative.

This is the second time for the council to vote on the postponement. On December 8, the Soviets moved to postpone the voting on the draft, and the council adopted the motion by a vote of nine in favor, four against and two abstentions.

The draft resolution, proposed by Cuba, Yemen, Colombia and Malaysia, call for the convening of an international peace conference on the Middle East in an effort to facilitate the achievement of a comprehensive settlement and lasting peace in the region.

The draft resolution also urges the Israeli Government to accept the applicability of the fourth Geneva convention, which calls for protection of civilians in war time, to all territories occupied by Israel, including Jerusalem.

As the Israel's protector in the council, the United States has pressed for changes in the draft. Otherwise, it threatened, it would veto the draft, which Israel opposes.

The draft was first submitted to the council on November 8, 1990. The U.S. has submitted a counter draft resolution in which, the U.S. has avoided the mentioning of Jerusalem as part of the occupied Arab lands and has deleted the paragraph calling for the convening of an international peace conference.

China and France abstained from voting. Cuba, Yemen, Colombia and Malaysia voted against.

Soon after the voting on the postponement, the council had consultations in a further effort to reach consensus on the draft.

UN Magazine Praises PRC Hydropower Development

*OW1112015290 Beijing XINHUA in English
0137 GMT 11 Dec 90*

[Text] United Nations, December 10 (XINHUA)—China derives 10 per cent of its energy from small hydropower stations, which supply electricity to one third of the nation's 2,000 counties, says the latest issue of "COOPERATION SOUTH," a publication of the U.N. Development Program (UNDP).

The UNDP magazine points out that, as recent events in the Middle East bears out, the recommendation for

developing countries to lower their reliance on foreign oil and to speed development of hydropower has stood the test of time.

"Self-reliance in energy production has once again emerged as an important development objective."

With support of the UNDP, the Chinese Government has established the Hangzhou Regional Training Center for Small Hydropower in an effort to help governments in the Asia and Pacific region to pursue the self-reliance in energy.

Since 1983, more than 200 experts from 24 countries have benefited from technical cooperation programs of the center which is recognized as one of the foremost of its kind in the developing world.

Therefore, the magazine says, China is well placed to promote technical exchanges with other countries in small-scale hydropower.

Small hydropower stations do not require the construction of massive dams that can profoundly alter an area's ecosystem. They are especially useful for rural areas that have many rivers and lie beyond the reach of the national electricity grid.

Chinese, Japanese Scholars View Socialism

OW0812005390 Beijing BEIJING REVIEW in English
No. 48, 26 Nov-2 Dec 90 pp 14-19

["The Advantages and Disadvantages of Socialism—Chinese Scholar He Xin's Talk with Japanese Professor Yabuki Susumu (II)"]

[Text]

6. Which of the Two Systems Is Superior?

S: It seems that you do not trust the capitalist free market system.

He: No, I don't. Ten years ago, however, I believed in the myth that the free market economy was better, an idea I got mainly through the writings of P.A. Samuelson of the United States.

In the last ten years, through an observation and comparison of the economic reforms in China, Eastern Europe and the Soviet Union and through a more in-depth theoretical study, I've become convinced that, on the whole, the socialist economy is essentially stronger than the capitalist economy.

S: Oh? Why is that?

He: Well, I think Japanese economists should have some experience in this regard. One book, *Modern Japanese Economy* compiled by a Japanese economist, says that in the late 19th century, in order to quickly extricate itself from a backward economy, Japan introduced the "state socialist economic system" in which the state controlled the principal economic departments and made them

directly serve state objectives. Following World War II, after "being foreign by various countries in Western Europe and America," Japan introduced a policy of government planning and regulation which was different from the free market system of Western countries.

Japan practises capitalism, which is different in principle from the Chinese system. If the state ownership system and the planned economic system have nothing superior, why did Japan imitate such a system when its economy was not so strong?

S: That's right. I'm familiar with the book.

He: Well, let's consider China's current economic problem. As an economist you may understand the current problem is a result of an economic cycle. If China's sluggish market of 1989 had taken place in capitalist countries, it would have led to the close of numerous enterprises, banks and shops, unemployment, bankruptcy, the collapse of the stock market and even social disturbances. China, however, by relying on the regulatory lever of the state macroeconomic policy, has effectively resisted crisis-oriented changes, thus ensuring the operation of the national economy and the maintenance of social stability.

If we had not relied on socialism but, as some people suggested, followed a policy of total privatization, liberalization and a thorough shareholding system in our economic system between 1987 and 1989, the results of such economic cycles would have been quite different.

7. Why Does Socialism Also Have an Economic Cycle?

S: Why is there also an economic cycle in the socialist system?

He: This question cannot be explained thoroughly without going into great detail. Socialism also practises the commodity economy. Moreover, both the scope and extent of commercial enterprises in China have been expanded since the beginning of reforms.

Mao Zedong said all commodity production should follow certain common economic laws. What he referred to at that time were chiefly laws governing prices and exchange. In my view, the cycle of expansion and shrinkage of supply and demand is also a universal law governing the commodity economy.

S: Then, what is there any superiority of the socialist economy?

He: Because of its strong macrocontrol mechanism, socialism is able to control, to a certain extent, the cycle of the commodity economy and thus can at least reduce its destructive impact.

Fundamentally, which of the two systems is superior? Let's make a comparison. Let's imagine an equal contest between socialism and capitalism under the same conditions.

S: What sort of comparison do you mean?

He: Let's suppose that the United States or another capitalist country had shut its economic doors or been economically and technically under a blockade for ten or 20 years. Would its free market economic system have been able to survive in the ten to 20 years? Would it still have been able to maintain a high standard of living? Which of the two systems would develop faster under a blockade? Which system would more effectively resolve the various complicated social problems?

I don't think any Western country would stand a chance in such a competition.

S: Of course, ours has always been an open economy.

8. Why Does the West Blockade Socialism?

He: Yes, that's just the point.

The fact is that your economy has always relied on the world market and, in this market, the development opportunity for advanced and backward nations is lopsided. The industrially and technically advanced nations have occupied a commanding position.

In the past decades, moreover, the West has always enforced a blockade against socialism and has used political, economic and military means to cut the socialist countries off from the world market under their control.

The West's blockade has forced the Chinese to live frugally. Between the 1950s and 1970s, it was very difficult for China to acquire the "comparative economic interests" described by David Ricardo through foreign trade and the international division of labour. In the past 30 years, China had to rely on its domestic market to generate the finances required to develop its industry, science and technology, modernize itself and catch up with the advanced nations.

The West, however, always ridicules China's economy as "an economy of shortage," saying that our country's economic difficulties are the result of our system. This is extremely unfair. In fact, the West has set a difficult question for China and all the countries which have taken the socialist road to answer.

Only when they give up socialism will the West allow them to enter the world market system under its control and grant them such rights as membership in the General Agreement on Tariffs and Trade and other world economic organizations and the most-favoured-nation status. But, if they forsake the socialist system, underdeveloped nations will lose their capacity for economic and political self-defence and will easily be dominated by developed nations through economic means (we've witnessed this already in some East European countries). In the end, they would, like most developing countries, become peripheral economic zones depending on a few developed countries and even slaves to the debt of the modern world economy.

On the other hand, if they refuse to give up socialism, the West will carry out various economic, political, cultural, and ideological strategies to enforce a blockade or instigate domestic turmoil to subvert them.

Just a decade or two ago, for example, the Soviet Union and East European countries were rising industrial nations. Today, however, some of these countries' economies are declining or bogged down in difficulties.

As a matter of fact, they have been cleverly put to rout on the ideological, economic and political fronts in the acute international competition in the economic, industrial, scientific and technological fields.

One of the ways the West will try to defeat socialism is to isolate and separate the socialist economy from the world market dominated by Western forces. This is the true implication of the cold war.

In short, the developed nations will try every means to maintain and consolidate their own wealth and advanced position. They don't want to see the underdeveloped countries march towards prosperity and development. This is the grim reality of today's competitive world.

9. Advantages of Socialism

S: Then, even in the sense of a pure economic system, you don't believe the socialist system has defects?

He: Of course it has shortcomings. Why would we carry out reforms if there were no defects? Everything has its advantages and disadvantages. In regard to socialism, however, one should first look at its advantages before talking about its drawbacks.

S: Advantages?

He: Deng Xiaoping said that the advantage of socialism is that it can concentrate society's resources in order to attain great accomplishments. His remark is very profound.

The resources he referred to were, first, manpower and, second, material strength. Public ownership allows the state authorities to concentrate the nation's resources so that society's most urgent needs can be tackled. This is the reason why China's achievements over the past 41 years have been more impressive than some developing nations that practise a free market economy.

S: Oh?

He: Socialism's other advantage lies in its strength in foreign affairs. This social system is able to combine the nation's human and physical resources into a closely knit "group." Politically it can resist external bullying and safeguard state interests. Economically, it can concentrate the national power to defend the national economy. Thus, the country will have sufficient strength to resist the monopoly forces of international capitalism in the world economy.

There is a trend in developed countries to instigate people living in socialist countries to destroy this socialist "group." I'm afraid this is the real motive behind their actions; it is not because they love us or really care about political and democratic development of our society. Don't you agree?

S: I'm afraid there is also the question of values.

He: The pure concept of value? If they were not concerned about real gains, I don't think the developed Western countries who haggle over every penny would invest generously in the "democracy movements" in socialist countries.

Socialism first appeared in economically underdeveloped European and Asian countries in the 20th century. Now, some people say that socialism was introduced too early in the countries and that they replaced reality with a utopian idea. These people don't realize that this kind of economic system is the most suitable social system for developing countries as they are transformed from a precapitalist society to one under going rapid industrialization (In a way, hasn't Japan's economic development proved this?)

In the early 1950s, during its industrialization campaign, China lacked both capital and technology. Moreover, it was confronted with complicated social problems. Under these circumstances, the country, by relying on the strength of the state and public ownership, was able to concentrate its limited social resources and achieve considerable development. History has proven this is a shortcut. This fact is accepted worldwide and is a source of pride to the Chinese people. However, it seems to have been forgotten by people in recent years.

Some people are now criticizing China. It has practiced socialism for 40 years, they say, but, despite its supposed superiority, the country's economic achievements and living standards are not on a par with those of the United States and other developed capitalist countries.

The response to this ridiculous statement is to point out China's economic, political and social situation 40 years ago. At that time, China was one of the most underdeveloped nations in the world. Today, what is the gap between China and the developed nations? Has it widened or narrowed? Furthermore, under what internal and external conditions has China succeeded in narrowing the gap? What other developing country with an economic level equal to China 40 years ago has surpassed China economically or in international status?

S: What about the four small dragons of Asia?

He: With regard to the so-called four small dragons, let me point out three facts:

First, the high-speed development of their economies in the 1970s and 1980s was the result of special conditions. If these special conditions were to disappear, it is unlikely that they would be able to maintain such an

impressive rate of growth. If you don't believe this, take note of their development in the next ten years.

S: What do you mean by "special conditions"?

He: These special conditions are related to the birth of New China in the East and the United States' economic blockade and strategic encirclement of China in the 1950s. Each of the four small dragons in Asia grew by relying on the capital, aid and technology of the United States. Without the existence of New China, the United States would not then have given them such assistance. (This is perhaps one reason why the four small dragons arose in Asia but not in other regions of the world.) Their brilliance lies in the fact that they lost no time in capturing and making full use of this historical opportunity.

Second, even today, the scale, strength and overall technical level of their economy do not surpass China. They can only be proud of their per-capita GNP. This figure is significant, but it is not so large that people should be frightened by it. Unfortunately, many underdeveloped countries are heavily in debt and on the brink of an economic collapse even though their per-capita GNP exceeds that of China.

Third, this round of economic competition is still far from over. Ten years from now, if China does not have any more social disturbances and if its major economic and political development principles are correct, it is hard to say what an economic picture Asia will present.

10. Reform Aims To Promote the Good and Abolish the Bad

S: (Laughing) You are really sharp. But, tell me, what are the disadvantages of the socialist system?

He: (Laughing) Disadvantages, as Lenin might say, are sometimes the improper extension of advantages.

Socialism's merits lie in its high degree of centralization, which Mao Zedong called the unity of will, steps and actions. Its disadvantages lie, first, in the blind swelling of state power, characterized by extremely rigid control over everything. I experienced this during the "Cultural Revolution."

Meanwhile, the abuse of state-bestowed power by officials can easily engender a bloated bureaucracy, excessive privileges, corruption and other problems. But this is not unique to the socialist system. It occurs in the political life of Japan and the United States too. Cases in point include any number of political scandals.

Second, if there is an overemphasis on centralism and unity, any serious mistakes made at the highest decision-making level will exert an impact on all of society. This happened in 1958 (the "Great Leap Forward"—Tr.) and 1966 (the "Cultural Revolution"—Tr.)

Third, if the public will is improperly stressed, there will be a sacrifice or suppression of individuals (particularly

intellectuals) and of the creative development of individual character. As a matter of fact, Mao Zedong took notice to this theoretically and often stressed the need for both democracy and centralism. He also noted there should be both a unity of will and a situation in which people have ease of mind. Regretfully, however, the acute struggle during his lifetime and the various historical restrictions made it impossible for his dialectical theory to be embodied in policy and carried out in practice in its truest sense.

The merits of socialism also find expression in earmarking money and materials from rich to poor areas and allocating grain from areas of a bumper harvest to places suffering from a crop failure. All this calls for state macro-regulation and control. In terms of the distribution of social products and in terms of the difference between the rich and the poor, socialism is more reasonable and fair than capitalism.

But this gives birth to the defects. When it is too reasonable and fair, there occurs equalitarianism. Equalitarianism is not conducive to mobilizing people's initiative through the means of individual interests. In addition to this, there are other problems but, on the whole, the socialist system brings more advantages than disadvantages to economically backward countries. When viewed from the angle of the world history, China's socialism, which embodies the special creation and wisdom of the Chinese people over the last 40 years, has been an especially successful example. I understand that the socialist reform initiated by Mr Deng Xiaoping is aimed at promoting the advantages and abolishing the disadvantages of the socialist system.

11. More Gains Than Losses in the Ten-Year Reform

S: What is your view of foreign comments labeling you a neoconservative?

He: I am not conservative. I support Deng Xiaoping's policy of socialist reform without the slightest reservation. In regard to the orientation of the reform, I am simply a world apart from those who have fled to the West. That's all.

S: It seems to me that some of these people were your friends. Liu Zaifu for example.

He: (Laughing) He was my leader and an academic colleague. But personal friendship could not gloss over political differences. Since 1985, Liu (and others) and I have had differences over some important questions (including the so-called "modernist school" of the Chinese literature). Many people in academia are familiar with this.

S: So, how do you evaluate China's reform of the last ten years?

He: I think the most important achievement of the decade-long reform since 1979 is the introduction of enormous energy and vitality into the socialist system.

Anyone involved in an objective study must observe and analyse such changes with a rational mind. Personally, I think that in the last ten years of reform, more has been gained than lost.

I remember that Mao Zedong once criticized socialism in the Soviet Union. By refusing to accept the fact that there existed contradictions and drawbacks in a socialist society, the Soviets, Mao said, did not dare to face various social problems theoretically and so were unable to improve and progress. Mao's criticism was very incisive.

On the other hand, China's reform over the ten years between 1979 and 1989 fully revealed the contradictions, drawbacks and defects in the Chinese social system. It can safely be said that the ten years of reform have revealed contradictions in the nation's economic, political, ideological, cultural and social life. But, concurrently, there arose a trend of thought that negated not only the achievements China has made in construction over the last 40 years but also the national spirit and cultural tradition of the Chinese nation over the past 5,000 years. Obviously, this is a negative aspect of the reform.

12. Prospects for Socialism Around the World

S: What's the situation in the world today? Isn't it true that socialist countries are decreasing in number worldwide?

He: As an economist, I think you realize that the debate over which is superior, the state economy or the free market economy, has actually been going on for a long time. I remember, particularly, that Friedrich List, a famous German economist in the 19th century and father of the theory on Germany's industrialization, criticized Adam Smith's theory on free market.

List said that, in the world market, economic powers always had special demands for free trade and a system of free market in order to smash the defensive capability of the industrially backward countries, to sacrifice those countries' interests. The backward countries would have to rely on state intervention to defend their young industry and national market. Otherwise, they would be economically plundered by the stronger economic powers.

The socialist system is a social system which, first and foremost, can protect the national economic interests of the industrially underdeveloped countries. It is because of this, we see that socialism in the 20th century is not an event but a great historical trend during which numerous developing countries have tried to follow the system economically and politically after winning independence.

This trend has not come to a halt because of events in Eastern Europe. And the historical progress has not come to an end in Eastern Europe either.

Recently, I read an essay entitled *The End of History* by an American. The author said that events in Eastern Europe indicate that the progress of the human society will eventually come to a halt at capitalist society, and, from that point on, there would be only politics, but no history, in the world. I have rarely read a more arrogant, superficial theory than this one.

Some people in the West believe that socialism has suffered an irretrievable historical loss worldwide. I think this conclusion is premature.

S: Why?

13. A Road to Justice

He: Recently I have always been pondering the question: From a global point of view, as we know, the problems confronting the development of human society are now more acute and more thorny than ever before. At the same time, moreover, the trend towards world economic and political integration is gaining momentum at an unprecedented scale.

So, in regard to those grim global problems such as the exhaustion of natural resources, the contamination of environment, and the crisis in food and population, the question is whether they can be solved by a further privatization of the world resources and a laissez-faire global economy. Or, can they be solved under a new imperialist system under which the world is dominated by one, two or three economic and military superpowers (a solution which would benefit only a small number of the most developed countries)? Or, rather, can they be resolved fundamentally when the resources, labour and wealth of this planet are owned and shared by all of mankind, through the overall regulation and cooperation of a unified plan for the world economy?

I think the answer is evident without further explanation. Otherwise, I believe, the world will never have peace and stability and there will be repeated crises, wars and turmoil.

If we can agree that the increasing global problems which plague mankind call for an integrated solution benefiting all mankind, then I would argue that socialism is inevitable no matter how tortuous the road will be, and it is a road leading to the just history.

Even though socialism has failed temporarily in some countries, its ideal and practicality will eventually be reunderstood by the people. I also believe that future socialist movement will certainly draw lessons from past failures and become more sophisticated and mature; this is also true regarding the development of democracy.

14. The Necessity of the Open Policy

S: It is contradictory for China to oppose bourgeois liberalization while shaking hands with foreign capitalists and encouraging them to invest in China. Mr He, what is your view on this?

He: Deng Xiaoping has said that opposing liberalization is of profound and direct political significance in China, the core of which is the adherence to the four cardinal principles. Without this idea, which is actually an invention of Mr Deng Xiaoping, I think China would either dissolve or suffer other troubles.

As a matter of fact, any state system must have a legal, political and ideological basis that could justify its existence. For China, the four cardinal principles constitute the nation's moral and ideological basis. It is on this basis that the current Chinese system survives.

This basis did meet with a serious challenge in the last few years, which I am sure you are well aware of. Last year, China narrowly escaped being pushed onto the brink of nationwide turmoil and separation.

Shaking hands with capitalists is a practical continuation of the open policy initiated by Mr Deng. The open policy has proved necessary because world industrialization of the past 200 years demonstrates that the development of industry and science and technology requires a huge amount of capital and that, if funds are simply raised from the domestic market, the accumulation of capital will proceed at a limited speed.

S: After the Meiji Reformation, Japan accomplished the reform of its political system. The solution of the problems of separatist local regimes which existed prior to the reform was followed by the political unification of the country. China, however, has practiced one-party rule over the last 40 years. It is a system which blocks modernization.

He: Although Japan follows the multi-party system, it actually has been under the rule of the Liberal Democratic party since 1954. It is a period also of some 40 years, isn't it?

S: But the Liberal Democratic Party has many factions and an inner-party democracy. For example, when the Kakuei Tanaka faction made mistakes, another faction opposed and toppled it. This conforms with the principle of political democracy.

He: Mao Zedong once said, "Outside any party there are other parties; inside, there are groupings." This is also Chinese politics.

You seem to indicate from your question that the current Chinese political system is not as good as the system practised during the Meiji period. I am afraid that the two systems are worlds apart. For scores of years after the Meiji, Japan fell under the rule of militarists. Even by the Western standards, that was not a genuine political democratic system. This is evident. Japan completed its primitive stage of industrial accumulation under the para-dictatorship political system and through a war of economic plunder of Asia.

Why didn't the Japanese revolt? Because the Japanese have a strong national consciousness and the concept of state integration between the monarchy and its subjects.

With regard to the modern Chinese political system, although we recognize its various problems which need to be resolved, I am afraid it cannot be placed on par with Japan's political system during the Meiji period. I wonder whether you have been influenced by Hong Kong magazines which always accuse modern China of engaging in "feudal politics." I assume they don't have a real understanding of the term "feudalism" in history. Such a cliché is not worthy of rebuttal.

If we were to discuss feudalism in a more serious manner, I would argue that the vestiges in Japan of imperial politics from the Meiji period bear stronger traits of feudalism.

PRC Official To Chair International Qigong Federation

OW0412183990 Beijing XINHUA in English
1459 GMT 4 Dec 90

[Text] Beijing, December 4 (XINHUA)—China's top sports official Wu Shaoyu was elected president of the International Qigong Science Federation (IQSF) at its third council meeting held at Xian in west China on Monday.

Wu, minister of the State Commission for Physical Culture and Sports, was chosen by IQSF representatives from 22 countries and regions including Japan, Singapore, Malaysia, Indonesia, the United States, Britain, France, Argentina, Germany, Switzerland, Canada, the Philippines, Australia, Togo, Yugoslavia, Thailand, the Soviet Union, South Korea, Chinese Taipei, Macao, Hong Kong and host China.

Qigong is also known as breathing exercise, which is one kind of Chinese ways for health keeping and body strengthening.

United States & Canada

Pentagon Warns of Continued Iraqi Buildup

OW1112084490 Beijing XINHUA in English
0742 GMT 11 Dec 90

[Text] Washington, December 10 (XINHUA)—Defense Secretary Richard Cheney said today Iraq's release of foreign hostages in Iraq and Kuwait should not raise hopes for a peaceful resolution of the Persian Gulf crisis.

The release of hostages was "obviously very good news" for the hostages and their families, Cheney said, but it did not mean Iraq is backing away from its armed occupation of Kuwait.

In remarks to a defense industry group, Cheney said "in these past few days as he (Iraqi President Saddam Husayn) has released hostages he has simultaneously continued to build up his deployments in Kuwait, to enhance his fortifications and to add additional forces to the regions."

"He has given us absolutely no indication whatsoever of any intention" of complying with U.N. resolutions requiring the Iraqi withdrawal from Kuwait by January 15, 1991.

The Pentagon announced last week that Iraq had added 30,000 troops in Kuwait and southern Iraq, bringing the total to 480,000, while a U.S. aircraft carrier USS Ranger was heading for the Persian Gulf and more than 7,000 U.S. troops began arriving in Saudi Arabia from their base in Germany.

Cheney's remarks appeared aimed at counteracting any positive public reaction in the United States to the arrival home of hostages held in Iraq and Kuwait since the Iraqi August 2 invasion.

A chartered Pan Am jet carrying 152 American and four Canadian former hostages arrived in Andrews Air Force Base, outside of Washington, this afternoon.

Cheney's comments followed those of other top-level Bush administration officials who said Iraq was "playing games" and trying to delay the U.N. deadline by proposing a meeting between Secretary of State James Baker and President Husayn in Baghdad on January 12, three days before Iraq is supposed to withdraw its troops from Kuwait.

Baker said, in an interview with ABC-TV network on Sunday, that anytime later than January 3 is "unacceptable."

He said when he meets with President Husayn, he will not agree to an Iraqi withdrawal in exchange for giving Iraq a small, oil-producing region of Kuwait because "to say anything else would be to reward an aggressor."

In addition, National Security Adviser Brent Scowcroft, in an interview with NBC-TV network on Sunday, rejected any suggestion of "linkage" between efforts to solve the Gulf crisis and a pending U.N. Security Council resolution calling for an international peace conference to settle Israeli-Palestinian problems.

According to THE WASHINGTON POST, Iraq's ambassador to the United Nations yesterday signaled his country's willingness to accommodate U.S. demands for the meeting earlier than the January 12 date Iraq had insisted on.

THE POST, in today's edition, also said a senior U.S. Administration official said that if Iraq gives way on the timing of Baker's mission, the White House would be ready to host a visit by Iraqi Foreign Minister Tariq Aziz on December 17.

The official said Baker then would be sent to Baghdad between January 3 and January 12, the paper reported.

Bush To Seek Billions for Gulf Deployment

OW1112041790 Beijing XINHUA in English
0113 GMT 11 Dec 90

[Text] Washington, December 10 (XINHUA)—The Bush Administration will soon ask the Congress for 12 billion to 20 billion dollars to cover the rising costs of its Persian Gulf military deployment, Congressional officials said today.

The officials, who spoke only on condition of anonymity, said those costs have roughly doubled with President Bush's decision last month to add up to 200,000 new U.S. troops to the force in the Gulf region. But it would not cover the costs of a war with Iraq, which would be much more expensive, reaching by 1 billion to 2 billion dollars daily.

The request reflected an estimate that the Gulf operation could cost as much as 31 billion dollars in 1991 fiscal year, they said.

The NEW YORK TIMES reported today that the Bush Administration may ask the Congress to allot 16 billion to 20 billion dollars more when lawmakers reassemble in January.

In September, Defense Secretary Richard Cheney said he expected the year's bill for keeping just more than 240,000 U.S. troops in the Gulf not to exceed 15 billion dollars. Since Bush decided last month to nearly double the deployment, the administration has not publicly estimated the additional cost.

Congressional aides noted they did not know where the money for the Gulf operation would come from. Some Democrats in the Congress have said a temporary surcharge on income taxes might be necessary if fighting breaks out and costs soar.

The aides also said they did not know whether the coalition allies would be willing to contribute more money.

The U.S. Government is counting on receiving more than 7 billion dollars this year from allied nations.

According to a list kept by the Defense Department, that includes commitments of 2.5 billion dollars from Kuwait, 1 billion dollars from the United Arab Emirates, 2 billion dollars from Japan, 1.1 billion dollars from Germany and 95 million dollars from South Korea. Saudi Arabia has committed food, fuel, water facilities and transportation.

House Budget Committee Chairman Leon Panetta has said war with Iraq could cost 1 billion to 2 billion dollars daily.

U.S. Professors View PRC Economic Reform

OW0812180890 Beijing XINHUA in English
1544 GMT 8 Dec 90

[Text] Shanghai, December 8 (XINHUA)—China should concentrate on reform of the country's price system and on the management of major state-owned enterprises during the next decade of economic reforms.

These are the views presented by noted American professors participating in the current third international conference on Sino-U.S. economic co-operation in Shanghai.

China's economic reform over the past decade has on the whole been successful, despite many twists and turns, according to the American professors.

Leonid Hurwicz, a member of the U.S. National Academy of Sciences, said that China's achievements in economic reforms over the past ten years are the most prominent amongst socialist countries. The achievements have pushed forward China's agriculture and injected vigor into the country's national economy.

But, Hurwicz said, major state-owned enterprises lagged behind and showed a comparatively low level in management and economic efficiency.

John Letiche, a professor at the University of California, said that China could continue its reforms in a systematic way, but at a slightly more rapid rate. During the period, the country should pay close attention to changes in the labor and capital markets and should control financial budgets and ensure the relative stability of commodity prices.

Letiche said that China's efforts in controlling inflation have proven to be effective. The professor also suggested that China co-operate with the U.S. and other countries in exploring its oil resources from which the country could earn much needed foreign exchange and additional funds to pay debts.

Professor Jan Dutta from the American Committee on Asian Economic Studies said he shares Letiche's view and added that China should strengthen its international co-operation to meet the newly developing trends in the world economy.

Dutta said he believed that economic contacts between the U.S. and China would be much closer during the 1990s.

Terry Sicular, a female professor from Harvard University, has visited China on 15 occasions and has conducted an in-depth investigation into development in the country's rural areas.

Sicular said that in the next decade the Chinese Government should continue to place great importance on the reform of the rural economy. She noted that agricultural development also relies on reform of the price and taxation systems. She added that government subsidies

should be withdrawn gradually to ensure that the rural economy has the opportunity to compete on an equal basis.

Soviet Union

Food Offer to USSR Reportedly 'Touched a Nerve'

HK1112112290 Hong Kong AFP in English 1042 GMT
11 Dec '90

[By Denis Hiault]

[Text] Beijing, Dec 11 (AFP)—The specter of receiving food supplies from China has touched a nerve among Soviets eager to prevent Beijing from seeking to assert the superiority of Chinese-style socialism over perestroika.

"It has nothing to do with any aid supplies, there is no gesture of good will," was the terse response of Soviet Embassy spokesman Y.V. Lyssenko, when asked about the offer.

He was responding to recent remarks by Chinese Deputy Foreign Minister Tian Zengpei, who told the German daily *HANDELSBLATT* that China would join efforts to provide food supplies to the Soviet Union, already receiving massive food aid from Germany, but "on a commercial basis and not without reciprocity."

Mr. Tian said that food and other products would be delivered across the border to help meet shortages in some large Soviet cities this winter.

Clearly seeking to resolve any ambiguity and thwart Chinese propaganda, Mr. Lyssenko said Tuesday: "I suppose Mr. Tian Zengpei meant that starting from January, China and the Soviet Union will trade in hard currency. Maybe China will propose foodstuffs for sale on the basis of market prices."

He added, "There are no talks (on providing food aid) going on and there is no agreement in sight."

A spokesman of the Ministry of Foreign Economic Relations and Trade (MOFERT) confirmed this statement Tuesday.

Several Beijing-based diplomats said however that the misunderstanding was probably not an accident.

Chinese television has smugly run footage in recent weeks of empty market shelves and long queues in Soviet stores, while press reports have detailed the political and economic problems facing President Mikhail Gorbachev.

Tuesday's *GUANGMING DAILY* [GUANGMING RIBAO], aimed at intellectuals, said Mr. Gorbachev had had to recognize the "serious errors committed in the framework of political reforms in the Soviet Union, and their serious, negative and even disastrous consequences."

The communist leaders who emerged from the June 1989 crushing of the pro-democracy movement have barely concealed their aversion to perestroika, the Soviet restructuring program, which they blame for the collapse of socialism in eastern Europe.

To them it is an ideal occasion to point to the amply stocked markets and department stores of China, where food—most of it heavily subsidized—is plentiful.

Sino-Soviet trade has previously been conducted on a barter basis or has been calculated in Swiss francs. The volume has grown steadily, reaching an estimated value of 3.9 billion dollars in 1989.

The total will be even greater this year, according to Chinese predictions, despite the two countries' ideological divergences.

In the name of pragmatism, Beijing and Moscow have been working steadily to normalize their relations since the May 1989 Sino-Soviet summit, when Mr. Gorbachev and Chinese senior leader Deng Xiaoping officially brought an end to a 30-year rift.

LIAOWANG Views Soviet Situation, Measures

HK1112070190 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 49, 3 Dec '90 pp 26-27

[Dispatch by Tang Xiuzhe (0781 0208 0772): "The Grim Situation and Emergency Measures in the Soviet Union—Notes on the November Meeting of the USSR Supreme Soviet"]

[Text] Moscow—A meeting of the USSR Supreme Soviet was adjourned for 10 days during the anniversary of the October Revolution. Deputies to the meeting returned to their electoral regions and celebrated the traditional festival together with other civilians. When the meeting was resumed on 14 November, the deputies requested to focus their discussions on the grim domestic situation.

This year, the Soviet October Revolution was celebrated amid an acute political struggle. In Moscow and Leningrad, people staged parades to express their support for the October Revolution and socialism, but there were also demonstrations and gatherings against the CPSU, Leninism, and the October Revolution. Demonstrators also demanded that the present government resign. In Kiev and Minsk, police clashed with crowds who tried to disrupt military reviews and desecrate monuments to Lenin. To make things still worse, as a parade was being held in the capital city, a man from Leningrad fired two shots at the rostrum in Red Square. Fortunately, this did not lead to a bloody incident because public security personnel came to the spot promptly. The shots in Red Square indicate the grimness of the present situation in the Soviet Union.

On 13 November Soviet leader Gorbachev met 1,100 military representatives from all levels. During the

meeting, 16 of them expressed deep concern over the complex situation in the Soviet Union and resentment over antimilitary remarks and activities in some regions. They pointed out the need to reconsider such questions as "whither the country," "whither the Armed Forces," and the "prospects for soldiers." Some representatives stressed they did not need "democracy that cannot protect civilians from humiliation and violence." Others pointed out: "Since state power cannot protect us, should we not protect ourselves?"

The voice of these military representatives reflects political instability in the Soviet Union from one angle. Meanwhile Soviet deputies witnessed cases much more serious than they had originally expected. When the USSR Supreme Soviet resumed the meeting on 14 November, many deputies stressed the need to immediately discuss the domestic situation, instead of discussing and approving the "Law on Regulating Foreign Currencies," an agenda that had been set earlier. They expressed the following views:

"I returned to my electoral region and found it was suffering from famine. How can the Supreme Soviet continue to discuss unimportant problems in disregard of an urgent one?"

"It is useless to approve a law that benefits no one. I suggest discussing one problem: The domestic situation."

"If each republic approves its own law and puts it above the Soviet law, what is the use of formulating our law here?"

"The situation in the country is more serious than a crisis. I wish to know whether there is still state power. We have given all our powers to the president. Should we also give him the coats we are wearing?"

They expressed these ideas because they are aware that the CPSU has given up powers in many localities but local Soviets are not ready to accept these powers, so the country is in a state of "power vacuum." Newly elected soviets in some localities are busy with political struggle and ignore the people's lives. Nationalism and separatism have emerged in quite a number of republics, and some republics are engaged in a "law war" with the central government, thus reducing the USSR to naught. This political instability has seriously affected the economy. Some deputies said that on 7 November not a single piece of bread was available in the whole of Leningrad. In some regions, food is not available even at high prices!

The chairman presiding over the Supreme Soviet meeting put the deputies' opinions to the vote, and most of them agreed to changing the agenda. It was decided that a closed-door meeting be held on the afternoon of 14 November to allow everyone to air their views on the present situation. On 15 November discussions on the situation continued. On 16 November President Gorbachev attended the meeting and made a report on the

situation and invited leaders from federated and autonomous republics to discuss the situation and relations between central and local governments.

In his report to the Supreme Soviet meeting on 16 November, Gorbachev admitted that the present political situation in the country was complex and relations between nationalities were becoming increasingly acute. He pointed out: "Some disruptive forces are hampering social unity and preventing the state from revolving the crisis; these forces are trying to seize political power." Gorbachev condemned these disruptive forces for wantonly defying the law, opposing the Constitution, causing tension, controlling public opinion, and undermining local soviets and the Armed Forces. Their rule concerning the domestic situation is "the worse the better," so as to achieve their political goals amid social unrest. Gorbachev added. He stressed: "The president and local soviet governments should take a hard-line attitude and firmly oppose all kinds of subversive activities." "Our defense has reached a maximum, now it is time to mount an offensive!"

After Gorbachev finished his report, some 150 deputies asked to speak at the meeting. This shows that they were very concerned about the grim situation.

Lithuania, which has announced its separation from the USSR, did not send deputies to the meeting. Deputies from the remaining 14 federated republics and seven autonomous republics spoke at the meeting. Their speeches focused on the union treaty. Three Baltic republics had long before this announced their unwilling participation in the treaty. The first deputy chairman of the Georgian Council of Ministers explicitly announced his refusal to sign the union treaty, so as to pave the way for Georgia's withdrawal from the USSR. Deputies from Moldavia, Azerbaijan, and Armenia reserved their stand. In principle, the Russian Federated Republic, the Ukraine, Kazakhstan, and Belorussia were ready to join the union treaty, but stressed that these republics enjoy complete sovereignty. The four republics of Uzbekistan, Tajikistan, Turkmenistan, and Kirgizia in Central Asia unanimously favored the treaty and urged its early signing. The seven autonomous republics demanded that they join the treaty in the capacity of federated republics. As a matter of fact, these autonomous republics have proclaimed themselves federated republics. This suggests the complexity of signing the union treaty.

At the meeting the deputies expressed their deep worry over the political and economic crises in the Soviet Union and demanded that emergency measures be taken to stabilize the situation. Colonel Alksnis, member of the "Union" [Soyuz] Congress members' group, urged the president to rectify Soviet order in 30 days, otherwise he would ask the president to resign, while Afanasyev, one of the chairmen of the Interregional Congress members' group, raised three proposals demanding the resignation of Ryzhkov and Abalkin, respectively, from the chairmanship and deputy chairmanship of the USSR Council of Ministers. He even called for the suspension of the

Soviet Constitution. His radical speech met with opposition from many deputies, who pointed out that if the Constitution was abolished, a civil war could break out the following day. A people's deputy named Lisitskiy announced his withdrawal from the Interregional Congress members' group on the very same day Afanasyev made the above speech.

On 11 November Gorbachev made an eight-point proposal to the USSR Supreme Soviet on urgently reforming and strengthening the state power structure. These eight points are as follows:

1. New, essential power should be granted to the Federated Committee so that it will have real power to coordinate work between the central government and republics. A transrepublican committee will be set up to act as the working organ of the Federated Committee.
2. The presidential committee will be abolished and a security committee will be set up under the president's jurisdiction. Immediate efforts should be made to fundamentally reorganize central executive departments so that they are subordinated to the president. The position of vice president should be resolved and a decision should be made to guarantee the effective operation of local executive departments.
3. Immediately adjust central, republican, and local law-protection departments; organizational and personnel reshuffles should be introduced to them so as to remove all interference from their activities.
4. The food supply system for civilians should be rectified, statistics and supervision should be implemented over the food in stock, and emergency measures should be worked out to ensure food supply.
5. Emphasis should be laid on guaranteeing railway transportation and energy supply.
6. Reform and preserve the Union and firmly oppose splitting the country, territorial division, as well as any attempt to disrupt relations between the people.
7. Pay more attention to the Armed Forces and ensure the social welfare of soldiers and their families.
8. Make all-out efforts to bring about close coordination between soviets at all levels, give up all confrontation and fruitless struggles.

Many Soviet deputies supported this proposal. But other deputies pointed out it was not easy to put this proposal into effect. Kravchuk, chairman of the Ukrainian Supreme Soviet, put a series of questions about the Federated Committee during an interview with a PRAVDA reporter, such as "how to legalize the functions of this committee, how to practice equality of power among Federated Committee members, and what kind of power is to be granted to them." Dementey, chairman of the Belorussian Supreme Soviet, was worried that these propositions "will be gobbled up by the time and hazy targets."

Gorbachev's eight-point proposal will have to be approved by the Congress of People's Deputies before it can be implemented. The Fourth Congress of People's Deputies will be held on 17 December to discuss and decide a series of major issues.

It is still difficult to judge how the situation in the Soviet Union will change. The Soviet people are expecting a rapid change for the better in the political and economic situation.

Soviet Communist Party Plenum Opens

OW1012181190 Beijing XINHUA in English
1222 GMT 10 Dec 90

[Text] Moscow, December 10 (XINHUA)—The Soviet Communist Party Central Committee held a plenary meeting here today to prepare for the Fourth USSR Congress of People's Deputies scheduled to open December 17.

According to the official TASS NEWS AGENCY, the meeting, chaired by party leader Mikhail Gorbachev, will determine the position of the ruling party on a new union treaty and discuss the tasks of party organizations in the country.

The plenum will possibly decide on changes in the Politburo. Some leaders of republican party organizations in Georgia and Belorussia, who were members of party governing bodies, left their posts on the eve of the plenum, TASS said.

Despite a change in the balance of political forces in the country, much depends on the results of today's plenum, TASS reported.

Gorbachev on Union Treaty

OW1012175790 Beijing XINHUA in English
1541 GMT 10 Dec 90

[Text] Moscow, December 10 (XINHUA)—Soviet Communist Party leader Mikhail Gorbachev called on Communists to support the draft union treaty while addressing the Communist Party Central Committee plenary session opened here today.

Gorbachev also said the Soviet Communist Party will defend and reform the union.

The party plenary session was opened today to discuss the new union treaty and make preparations for the Fourth Congress of the People's Deputies scheduled to open December 17.

Gorbachev said at the plenum that the union treaty is crucial to the continuation of reform and to the policy of socialist renovation.

He said although the Soviet Communist Party has given up its monopoly on power, it still remains a political force of union scale.

Gorbachev, who is also president of the country, said it is important to fight against nationalism and national hostility.

Supreme Soviet Passes Trade Union Law

*OW1012175690 Beijing XINHUA in English
1545 GMT 10 Dec 90*

[Text] Moscow, December 10 (XINHUA)—The Supreme Soviet of the Soviet Union today passed a new law on trade unions, ending a month-long debate and amendments on its final draft.

The law declares trade unions to be "independent of state, economic and political authorities," and that they will also enjoy "full financial autonomy."

According to this law, trade unions will have the right to supervise enterprise administrators to ensure their observance of labor codes.

Owners can shut down enterprises or suspend their operations only after first informing trade unions about the decision at least three months in advance. They must also hold preliminary talks with trade unions to guarantee workers' interests, the law says.

All-union and republican trade unions have the right to take part in the determination of compensation in case of price changes like inflation or currency devaluation. They also have the right to monitor the enforcement of legally established minimum living standards, according to the law which was just passed.

The trade unions law will come into effect on January 1 next year.

Gorbachev Congratulates Walesa on Election

*OW1012183190 Beijing XINHUA in English
1610 GMT 10 Dec 90*

[Text] Moscow, December 10 (XINHUA)—Soviet President Mikhail Gorbachev today sent his congratulations in a telegram to Lech Walesa on his victory in Poland's presidential election.

According to the official TASS NEWS AGENCY, Gorbachev said in his congratulatory telegram that he hopes the good-neighbourly relations between the two countries will continue to develop.

"This is beneficial both to the two peoples and to the construction of a new Europe," Gorbachev said.

Meanwhile, Soviet Foreign Ministry Spokesman Yuriy Gremitskikh said at a press conference the Soviet Union hopes that, as it always was in the past, the Polish president will be a friendly partner in developing relations between the two countries.

Northeast Asia

Li Ruihuan Meets KCNA Director

*OW1112091890 Beijing XINHUA in English
0851 GMT 11 Dec 90*

[Text] Beijing, December 11 (XINHUA)—Li Ruihuan, Standing Committee member of the Chinese Communist Party Central Committee, met with Kim Ki-yong, general director of KOREAN CENTRAL NEWS AGENCY, and his party here today.

They had a cordial and friendly conversation.

Li briefed the guests on the progress in implementing the decade-long policy of reform and opening, and expressed the hope that the two countries and their press organizations would further promote relations of friendship and cooperation between them.

Mu Qing, director-general of XINHUA NEWS AGENCY, was present on the occasion.

The Korean visitors arrived here on December 4 as guests of XINHUA and left here later today.

DPRK, ROK Prepare for Prime Ministers' Talks

*HK1112101490 Beijing RENMIN RIBAO in Chinese
4 Dec 90 p 6*

[XINHUA Report: "Representatives from North and South Korea Continue To Discuss Documents for Next Round of Prime Ministerial Talks"]

[Text] Pyongyang, 1 Dec (XINHUA)—According to a KCNA report, representatives of North and South Korea today held a third round of meetings in Panmunjom, but they failed to reach agreement on the documents to be adopted at the third round of North-South prime ministerial talks.

The meeting was held behind closed doors [zhe ci jie chu shi mi mi ju xing de 6638 2945 2234 6051 2508 4434 1378 5282 5887 4104]. Paek Nam-chun, DPRK delegate, said at a press conference in Panmunjom: The North hoped that the "Nonaggression Declaration" and the "Declaration on North-South Exchanges" would be adopted at the third round of prime ministerial talks. However, the South tried to imitate the "Basic Treaty" concluded by East and West Germany in the early 1970's and sign the "Basic Agreement on Improving South-North Relations," thus postponing indefinitely the signing of the "Nonaggression Declaration."

Paek Nam-chun said: South Korea's purpose in proposing signing the "Basic Agreement on Improving South-North Relations" is to perpetuate and then legalize the divided condition of Korea. South Korea's proposal to sign this agreement caused difficulties in contacts between representatives of the North and the South.

The third round of prime ministerial talks was originally scheduled to open 11 December in Seoul. The failure of the North and South representatives to reach agreement on the documents concerned at their third meeting casts an ominous shadow on the third round of prime ministerial talks.

DPRK Premier Leaves for Talks

*OW1012175490 Beijing XINHUA in English
0904 GMT 10 Dec 90*

[Text] Pyongyang, December 10 (XINHUA)—Yon Hyong-muk, premier of the Democratic People's Republic of Korea (DPRK), and a delegation under his leadership left here this morning by train for Seoul to take part in the third round of inter-Korean high-level talks.

The premier and his delegation will pass through the truce village of Panmunjom and arrive in Seoul on Tuesday.

The third round of inter-Korean high-level talks is scheduled to be held in Seoul on December 11-14. The South Korean delegation will be headed by Prime Minister Kang Yong-hun.

Meanwhile, on November 21 and 27 and on December 1, delegates from the two sides held meetings to prepare documents to be approved at the high-level talks. However, they failed to reach any agreement. Liaison officials from both sides met on December 7 to arrange the agenda for the talks.

The DPRK premier and the South Korean prime minister held their first round of inter-Korean high-level talks in Seoul on September 4-7, while the second round took place in Pyongyang on October 17-18.

Arrives in Seoul

*OW1112115790 Beijing XINHUA in English
0838 GMT 11 Dec 90*

[Text] Pyongyang, December 11 (XINHUA)—Yon Hyong-muk, premier of the Democratic People's Republic of Korea (DPRK) passed through the truce village of Panmunjom and arrived in Seoul at noon today, according to a report from Seoul.

Yon is heading a DPRK delegation to take part in the third round of inter-Korean high-level talks beginning there Wednesday.

Yon and his delegation were greeted by South Korean Prime Minister Kang Yong-hun at Hotel Shilla where the DPRK delegation lodges during its stay in Seoul. Kang will head the South Korean delegation during the high-level talks.

After a short rest, Yon in the company of Kang inspected the hall for the talks. Yon and his delegation are scheduled to see a performance in the afternoon and a reception given by Kang in the evening.

It was learnt that the discussions in the talks will mainly involve the North-proposed "nonaggression declaration" and the South-proposed "basic agreement for the improvement of North-South relations".

Yon will not meet with South Korean President No Tae-u during his stay in Seoul, according to an agreement by the two sides earlier.

No ROK UN Application This Year

*OW1012162390 Beijing XINHUA in English
1509 GMT 10 Dec 90*

[Text] Pyongyang, December 10 (XINHUA)—South Korean Minister of Foreign Affairs Choe Ho-chung indicated today that South Korea will not apply for U.N. membership this year.

According to radio reports from Seoul, Choe Ho-chung made the remark while meeting with reporters earlier in the day.

It has been a long-term position of South Korea to join the United Nations as soon as possible, Choe Ho-chung was quoted by the reports as saying.

However, the foreign minister added that as the permanent member countries of the U.N. Security Council are focusing all their attention on the Gulf crisis, it is an inopportune time for South Korea to join the United Nations, given the circumstances.

He also said that efforts should be made to make the North change its position on this matter.

Observers here noted that Choe Ho-chung made the disclosure just before the opening of the third summit meeting between the North and South in Seoul.

The North and South have been divided over the issue of U.N. membership, with the South maintaining that both the North and South should each join the international body simultaneously. And if this cannot be realized, then each side may apply for membership unilaterally.

But the North insists that before the realization of Korean reunification, both sides should join the United Nations as one member.

The two sides groups have failed to come to any agreement on this issue during the first two rounds of North-South summit meetings.

DPRK Trade Union Delegation Visits Liaoning

*SK1012150690 Shenyang LIAONING RIBAO
in Chinese 29 Oct 90 p 1*

[Text] Li Guozhong, president of the provincial Trade Union Council, met with and hosted a banquet for the friendship delegation from the General Federation of Trade Unions of Korea led by Kim Kuk-sam, vice

chairman of the General Federation of Trade Unions of Korea, at Liaoning's Youyi Guesthouse on the evening of 28 October.

Li Guozhong welcomed the delegation on its visit to Liaoning at a time when China was commemorating the 40th anniversary of the day the Chinese People's Volunteers entered Korea to participate in the war. During the meeting, both sides explained how trade unions had conducted their work under party leadership and played their role in socialist construction. Wang Zhuan, vice president of the Liaoning Provincial Trade Union Council, was present at both the meeting and the banquet.

Li Peng Meets Japanese Delegation 30 Nov

HK1012141690 Beijing RENMIN RIBAO in Chinese
1 Dec 90 p 1

["XINHUA Dispatch" by reporter Zhu Yunlong (2612 0061 7893): "Li Peng Meets Japanese Trade Promotion Delegation and Says Central Leadership Collective Has Completed the Succession Smoothly"]

[Text] Beijing 30 Nov (XINHUA)—State Council Premier Li Peng met this morning at Ziguan Pavilion, Zhongnanhai, with all members of the visiting delegation of the Japanese Association for the Promotion of International Trade, headed by Yoshio Sakurauchi, speaker of the Japanese House of Representatives and president of the association.

This was the 13th time the association has visited China since 1973.

Li Peng welcomed the visit by the old and new friends from Japanese economic and trade circles.

According to a Chinese official's report, Sakurauchi said that various Japanese circles are concerned about China's 10-year program and "Eighth Five-year Plan," which are being drafted currently, and that the chief aims of the visit were to obtain a firsthand understanding of China's political and economic situation and to explore the possibility of further strengthening economic cooperation.

During the meeting, which lasted more than an hour, Li Peng gave a concise briefing on China's tremendous achievements over the last 10 years of reform and opening up, and on the results representing the completion of a stage in the improvement and rectification policy currently in force. He pointed out emphatically that facts have proved that China's present political situation is stable, its economy has continued to develop in a favorable direction, and China is making new progress in foreign relations. The collective central leadership, with Comrade Jiang Zemin as the center, has completed the leadership succession smoothly. This collective leadership is strong, powerful, and authoritative, and has long-term stability. It is, and will be resolutely implementing the basic political line and the policy of

reform and opening up to the outside world as put forward by Comrade Deng Xiaoping.

Referring to the belief held by some Westerners that China is too big and is suffers from unbalanced economic development, which inevitably will lead to the growth of localism and aggravate frictions between regions, Li Peng said that such a belief is incorrect, or at best, a misunderstanding. He said that China is a unified country with a unified market and is an integrated whole. The Chinese are a people with thousands of years of history and with strong cohesiveness. This, plus the fact that we have a series of correct principles and policies, explains why the abovementioned situation will not occur.

Li Peng also briefed the guests on the 10-year development program and the basic principles of the "Eighth Five-Year Plan." He pointed out that the basic concepts of the 10-year program have taken shape over quite some time, and they are now ready to be put forward for discussion.

He said: "China has been pursuing a good-neighbor policy and attaches great importance to relations with countries surrounding it. My forthcoming visit to four Asian nations is precisely to further strengthen friendship and cooperation with these countries."

When the subject turned to Sino-Japanese relations, Li Peng said that China and Japan are close neighbors. Japan is the country with the most solid economic and technological strength in Asia, and China is a developing country with a large population, extensive territory, relatively rich resources, and great vitality. There is great potential for Sino-Japanese cooperation on the basis of equality and mutual benefit. He maintained that developing Sino-Japanese friendly relations and cooperation will not only benefit the two countries, but also will be conducive to peace and stability in the Asia-Pacific region. He said that since its founding more than 30 years ago, the Japanese Association for the Promotion of International Trade has done a great deal of positive work to promote Sino-Japanese friendship and economic and technological cooperation. He expressed the hope that friends from the Japanese association will continue to make contributions in this respect.

Yoshio Sakurauchi said that the Japanese Association for the Promotion of International Trade was delighted to see that China had achieved progress in various areas, and that Japanese enterprise personnel who are members of the association will make renewed efforts to promote bilateral economic and technological cooperation.

State Council Vice Premier Wu Xueqian had breakfast with Yoshio Sakurauchi this morning at Diaoyutai State Guesthouse, and the two held a friendly talk on Sino-Japanese relations and on international issues of common concern. This afternoon, State Councilor Zou Jiahua also met with Sakurauchi at Diaoyutai State Guesthouse.

Japan, DPRK To Hold Talks in Beijing 15 Dec

OW 1012161690 Beijing XINHUA in English
1455 GMT 10 Dec 90

[Text] Tokyo, December 10 (XINHUA)—Japan and the Democratic People's Republic of Korea (DPRK) will hold a third round of preparatory talks toward normalizing diplomatic relations in Beijing on Saturday, officials from the Japanese Foreign Ministry said today.

Sakutaro Tanino, director general of the Japanese Foreign Ministry's Asian Affairs Bureau, will head the Japanese delegation while his DPRK counterpart is expected to be Chu Ching-kuk, chief of the DPRK Foreign Ministry's First Bureau, officials said.

The two sides will try again to work out their differences on the timing, location, governmental level and agenda for full-scale normalization talks, they added.

Tokyo and Pyongyang held two previous preparatory sessions in Beijing on November 3-4 and November 17.

Kaifu To Submit Another UN Corps Bill

OW 1012180690 Beijing XINHUA in English
1649 GMT 10 Dec 90

[Text] Tokyo, December 10 (XINHUA)—Japanese Prime Minister Toshiki Kaifu told the ordinary Diet (parliament) session today that Japan will continue to support the multinational forces in the Gulf even if war breaks out there.

The government will submit another bill which calls for Japan's cooperation with U.N. peacekeeping operations in the Gulf to the Diet session, KYODO NEWS SERVICE quoted Kaifu as saying.

Kaifu said an alternative bill to the government-proposed U.N. Peace Cooperation Bill, which was killed at the extraordinary session, will be based on agreement between the ruling Liberal Democratic Party (LDP) and two opposition parties.

LDP, Komeito and the Democratic Socialist Party (DSP) agreed last month to draw up a bill to create a corps outside the parameters of the Self-Defense Forces (SDF) to assist international peace-keeping operations.

The previous bill, which sought overseas dispatch of SDF personnel for the first time since the end of World War Two, was aborted because of objections from opposition parties and the public.

Japan will implement its pledged measures for the settlement of the Gulf crisis as soon as possible, Kaifu said.

The ordinary Diet session, the 120th, was convened today to deliberate the fiscal 1990 supplementary budget including an additional one billion dollars in assistance to the U.S.-dominated multinational forces in the Gulf.

Japan has so far pledged four billion dollars in support to the multinational forces and countries hit by U.N. sanctions against Iraq.

Japan To Assume More Costs for U.S. Forces

OW 1012180190 Beijing XINHUA in English
1518 GMT 10 Dec 90

[Text] Tokyo, December 10 (XINHUA)—Japan plans to pay more of the costs for maintaining U.S. forces stationed in the country starting with the 1991 fiscal budget that begins next April, a senior Defense Agency official said today.

Shigeru Hatayama, chief of the Japanese Defense Agency's Defense Policy Bureau, made the remark while meeting with U.S. Deputy Assistant Secretary of State Desaix Anderson [name as received], according to KYODO NEWS SERVICE.

During their meeting, Hatayama said that Japan plans to shoulder new financial burdens starting with the fiscal 1991 budget, such as the salaries of Japanese workers on U.S. bases and maintenance costs of U.S. military facilities.

The Japanese Government currently pays 440 billion yen (about 3.5 billion U.S. dollars) a year for the stationing of around 50,000 U.S. troops in Japan.

The United States has been calling on Japan to increase its host-nation support of U.S. forces stationed in there. The U.S. Congress has said it will reduce the number of American troops in Japan unless they pay more of deployment cost.

Southeast Asia & Pacific**Reportage on Li Peng's Visit to Malaysia****Mahathir Hosts Banquet**

OW 1012165390 Beijing XINHUA in English
1620 GMT 10 Dec 90

[Text] Kuala Lumpur, December 10 (XINHUA)—Malaysian Prime Minister Mahathir Mohamed hosted an official dinner at his residence this evening to welcome Chinese Premier Li Peng, who arrived earlier today for a four-day official goodwill visit.

Mahathir, proposing a toast on the occasion, said Li's visit comes "at a propitious moment in the historic relationship" between Malaysia and China, since the two countries have developed "sufficient confidence and trust in each other" to have a frank exchange of views on current global issues.

In the past five years, he said, the two countries have laid in place the framework to foster further expansion of bilateral relations, which includes agreements on trade,

investment guarantees, the avoidance of double taxation, air and maritime service regulations and Malaysia's removal of restrictions on visits to China.

"We are happy to see the reaffirmation of China's commitment to the principles of peaceful co-existence and non-interference in each other's internal affairs," Mahathir said, calling that "a vital factor in the building up of confidence."

Li Peng, speaking of the two countries' "long-standing traditional friendship", said in his toast that Sino-Malaysian relations have witnessed all-round development since the forging of diplomatic ties in 1974.

In recent years particularly, he said, that relationship has "leaped to a new high, with a marked increase of various exchanges and prominent achievements in economic cooperation and trade."

Besides, he added, China and Malaysia have enjoyed extensive common understanding and cooperated well on many major international issues.

"The friendly relations between China and Malaysia is bound to stand the test of time" and develop further in all spheres, he said.

The Chinese premier spoke highly of Malaysia's achievements in developing its economy, saying China can learn from its experience in this regard.

He also voiced admiration for Malaysia's foreign policy of peace, neutrality and non-alignment, saying Malaysia has taken "energetic efforts" to promote South-South cooperation, to help establish a New International Economic Order and to protect the economic rights and interests of the developing countries.

Mahathir Toast

OW1112054690 Beijing XINHUA Domestic Service
in Chinese 1700 GMT 10 Dec 90

["(Exclusively for RENIN RIBAO) Prime Minister Mahathir's Speech at Banquet in Honor of Premier Li Peng"—XINHUA headline]

[Text] Kuala Lumpur, 10 Dec (XINHUA)—Malaysian Prime Minister Mahathir made a toast at a banquet here this evening to welcome visiting Premier Li Peng.

Mahathir said: "On behalf of the Malaysian Government and my wife, please let me extend a welcome to all of you, who are on a visit to my country. China and Malaysia are close neighbors in the Asia-Pacific region, and I am very happy to have this opportunity to demonstrate the friendship and mutual respect between our two countries. I sincerely hope that all of you will stay in my country a few more days, instead of the 3 nights originally scheduled. However, I hope that during your short stay here, you will be able to see the development

of Malaysia and some the cultural features of its multinational society, thereby understanding my country's ideals and aspirations.

"Ours is a small country with a short history, which is fairly late in development, but we long for the realization of national development through education, stability, and rapid economic growth. To achieve this goal, we are prepared to work industriously and to absorb experience and knowledge from economically advanced countries. Because no country can remain isolated, we also need to develop friendly relations with our neighbors and with other countries of the world. Our main objective is to seek peace and to play a useful role in the world community. Malaysia and the People's Republic of China share a common position in this regard."

He continued: "Over the past 20 years, Malaysia has devoted itself with full confidence to strengthening the Association of Southeast Asian Nations. At the same time, we also have raised the idea of peace, freedom, and neutrality in the region. Without the cooperation and understanding of its close neighbors, namely such great nations as the People's Republic of China, it would be difficult for ASEAN to score achievements in economic growth and regional cooperation. We are happy to see the reaffirmation of China's commitment to the principles of peaceful coexistence and noninterference in each other's internal affairs. This is a vital factor in the building up of confidence between the People's Republic of China and Malaysia."

Prime Minister Mahathir said that Li Peng's visit "comes at the most propitious moment in the historic relationship between our two countries. We now have developed sufficient confidence and mutual trust to discuss issues of the world today. I am looking forward to exchanging views in this regard with you and other members of your entourage tomorrow."

He stressed: "We have full confidence in the PRC's policy of adhering to the principle of peaceful coexistence in international relations. This point is reflected by our taking steps to strengthen the relations between us. Our country's second prime minister, Tunku Abdul Razak, visited Beijing 16 years ago and signed a joint communique on the establishment of diplomatic relations between our two countries. I was very lucky to have the opportunity to visit your country as prime minister in 1985. At that time, the success of your country's rural reform program led to great changes in China's economic structure. Urban reforms launched in the wake of the rural reform created an opportunity for developing countries like Malaysia to invest in joint ventures in China. Our two countries' relations have entered a new phase. In the days to come, we will see a world in which all countries, great or small, are mutually dependent economically.

"In the past 5 years, with the approval of both sides, we have laid down a foundation for promoting the further

development of bilateral trade. We have signed agreements on trade, investment guarantees, the avoidance of double taxation, and air and maritime service. Five months ago, we lifted the restrictions on visits by Malaysian citizens to the PRC for sightseeing purposes. This measure, aimed at improving relations between our two countries, may seem unimportant to people who do not understand the history of the development of relations between our two countries. Relations between our two countries have been influenced by different ideologies, and as well as by the doubts and worries of small countries.

"When the PRC adopted a principle of not interfering in the internal affairs of other countries, it won the trust of friends and at the same time the right to handle its own internal affairs. Therefore, the '4 June' incident has not affected Sino-Malaysian relations, and trade between the two countries has continued to grow. At present, there are 13 Sino-Malaysian joint ventures in the PRC, with a total value of \$500 million. In my country, seven Sino-Malaysian joint ventures have been approved."

He said: "You are making another visit to Southeast Asian countries within six months. This shows that China attaches importance to maintaining good relations with the countries in this region. Similarly, ASEAN members also will attach importance to their relations with the PRC. This year, the People's Republic of China has restored its diplomatic relations with Indonesia, and in the wake of this, has established diplomatic relations with Singapore. This proves that ASEAN recognizes the role the PRC can play in affecting the prosperity and stability of this region."

"At present, ASEAN has dialogue relations with six countries. Although China is not one of the dialogue nations, as a large nation with economic potential and as one of the powers in the Asia-Pacific region, it may finally become ASEAN's dialogue partner."

He said: "The recent development of international political relations has been very encouraging. Due to the end of the cold war, it seems that all countries are devoting their efforts to their respective economic development in order to enable their people to enjoy a tranquil and happy life."

"Unfortunately, an unhealthy tendency has emerged in this process, which is that some countries have allied together to form economic blocs. In addition to the integration of the European market, there is also a common market between the United States and Canada. The market now includes Mexico. The United States is luring Central and Latin American in an attempt to build closer economic ties throughout North and South America."

"Another possibility is that following the reunification of Germany, East European countries may join the European Common Market in the near future."

"On the other hand, we have observed that once there are indications that an oriental country is going to reach the status of an advanced country, Western countries will create all kinds of obstacles to prevent it from reaching that goal."

Mahathir pointed out: "Malaysia does not want to see the emergence of economic blocs, but the reality is that many Western countries have jointly organized all kinds of economic blocs and are using the strength of these blocs to interfere with fair and free trade."

"In view of this situation, we have reexamined our position and are aware that if the whole world is to have a balanced economic development, various countries in the Asia-Pacific region must strengthen the economic and market ties among them, thereby organizing their own economic bloc to counter other economic blocs."

"To ensure fair trade in the world, Malaysia holds that China should play an important role in organizing this bloc."

Li Toast Notes 'Stable' China

OW1012203390 Beijing XINHUA Domestic Service
in Chinese 1649 GMT 10 Dec 90

[Text] Kuala Lumpur, 10 Dec (XINHUA)—Chinese Premier Li Peng proposed a toast at a banquet given in his honor by Malaysian Prime Minister Mahathir this evening.

Premier Li Peng said: "My wife and I, as well as my colleagues, are very delighted to have this opportunity to visit your country. As soon as we arrived in beautiful Kuala Lumpur, we were accorded a warm welcome and lavish hospitality from your government and people, which have enabled us to personally experience the friendly feelings of the Malaysian people. Your Excellency the Prime Minister and Mrs. Mahathir are hosting this banquet in our honor this evening. You have delivered an ebullient and friendly speech. Please allow me to express heartfelt gratitude to the Prime Minister and Mrs. Mahathir and to the Malaysian Government and people."

The Chinese premier said: "My wife and I, and most of my colleagues are visiting Malaysia for the first time, but your beautiful and rich country is no stranger to us. The industrious and ingenious Malaysian people of all nationalities have scored gratifying achievements in developing the national economy and building the country, becoming one of the nations with the most vigorous economies in the Asian and Pacific Region. Malaysia has accumulated a great deal of experience in absorbing foreign capital and importing advanced technology to accelerate the process of national industrialization. There is much in your experience that we can study and use for reference. Malaysia implements a peaceful, neutral, and nonaligned foreign policy, and upholds justice. It also is playing an increasingly conspicuous role in international affairs. In safeguarding the

basic principles of the Nonaligned Movement, Malaysia took the lead in proposing the establishment of a peace, free, and neutral zone in Southeast Asia. Your country has actively promoted South-South cooperation and the establishment of a New International Economic Order, and defended the economic rights and interests of the developing countries. Along with other members of the Association of Southeast Asian Nations, Malaysia has strived to seek a comprehensive, fair, rational political settlement of the Cambodian question. We express our admiration and appreciation for all this. We believe and hope that under the leadership of the government of the National Front headed by Prime Minister Mahathir, Malaysia will score even greater achievements in domestic construction and foreign affairs."

Li Peng continued: "The world today is undergoing profound changes. The old global structure is disintegrating and a new one has not yet taken shape. Power politics still exist, while destabilizing factors are on the increase. The dangerous situation in the Gulf region has aroused grave concern among people throughout the world. In Southeast Asia, the more than a decade-long Cambodian question is heading toward a final settlement, but new obstacles and difficulties keep cropping up. Along with ASEAN and other countries concerned, China is ready to make unremitting efforts for an early, comprehensive, fair, and lasting settlement of the Cambodian question on the basis of UN Security Council Resolution 668 and within the framework of the Paris conference."

He emphasized: "The current political and social situation in China is stable, and the national economy is developing in a favorable direction. China will steadfastly carry out the reform and opening policy, which requires not only stability and unity in the country but also a long-term peaceful and stable international environment. We are willing to maintain and develop friendly and cooperative relations with all countries in the world on the basis of the five principles of peaceful coexistence. It is the Chinese Government's firm policy to develop friendly and cooperative relations with Malaysia and other ASEAN nations. Recently China resumed diplomatic relations with Indonesia and established formal diplomatic ties with Singapore. The exchange of visits between leaders of China and the ASEAN countries has enhanced mutual understanding and trust, thus enabling the relations between China and the ASEAN nations to enter a new phase of all-round development. China appreciates the ASEAN nations' efforts to strengthen regional cooperation and supports the propositions for the neutralization of Southeast Asia and the establishment of a nuclear-free zone there. Together with all the ASEAN countries, China is willing to contribute to the maintenance of peace and stability in the region and in Asia at large."

In conclusion, Li Peng said: "There exists a long-standing, traditional friendship between China and Malaysia. Since the establishment of diplomatic ties in 1974, friendly relations between the two countries have

developed in all fields. Bilateral relations have scaled new heights, exchanges in various fields have increased markedly, and economic and trade cooperation have produced fruitful results, especially in recent years. The two countries have extensive common understanding and maintain good cooperation on many major international issues. The Chinese Government and people treasure the friendship of the Malaysian Government and people. We are convinced that through the joint efforts by both sides, cooperation between the two countries in the economic, trade, scientific-technological, cultural, and other fields certainly will yield even more fruitful results, and that Sino-Malaysian friendly relations surely will withstand the test of times and be enhanced with each passing day."

Li-Mahathir Talks Begin

OW1112092890 Beijing XINHUA in English
0900 GMT 11 Dec 90

[Text] Kuala Lumpur, December 11 (XINHUA)—Chinese Premier Li Peng said today that he expects his current Malaysia visit to further cement the friendship and cooperation between the two countries.

He had talks this morning with Malaysian Prime Minister Mahathir Mohamed "in a sincere and friendly atmosphere," according to Chinese Foreign Ministry sources.

Li Peng, describing China and Malaysia as "close and friendly neighbors, with traditional contacts," said bilateral relations have enjoyed "very satisfying progress" since the forging of diplomatic relations in 1974 and, in particular, after Mahathir's visit to China in 1985.

Now, he noted, the two governments have signed a range of agreements and nongovernmental exchanges are gradually increasing.

"We are delighted and satisfied with that," he added.

The two countries' different social systems and actual conditions should not affect their developing relations on the basis of the five principles of peaceful coexistence, Li said.

Mahathir voiced similar satisfaction with the expansion of bilateral relations, saying that the relationship has undergone enormous changes since 1974.

The two leaders pointed out that they were satisfied with the expansion of bilateral trade, saying that should be developed further.

Mahathir said that since his visit to China in 1985, bilateral trade volume has trebled as part of the generally smooth development.

The six trade agreements signed so far has prompted that expansion, he said.

Besides, Mahathir added, Malaysia has removed restrictions on visits to China, and nongovernmental exchanges between cultural institutions has increased.

The two sides expect their already-established airlines to further extend on a reciprocal basis.

[Kuala Lumpur BERNAMA in English at 0806 GMT on 11 December, in an earlier report on the meeting, adds:

["In an hour-long meeting with Prime Minister Dr. Mahathir Mohamed here, Premier Li also assured that China's current beefing up of its defence forces was strictly for self-defence purposes and posed no threat to neighbouring countries.

["Malaysian Foreign Ministry Deputy Secretary-General Abdul Majid Mohamed, who briefed reporters later, said Li's statement was a "very clear message" of assurance to countries in the region which had long feared that local Chinese communities would be used by China to undermine national security."]

In the talks, the two leaders also briefed each other on the economic situation and policies of their countries, and exchanged views on major current international issues.

On the Cambodia issue, they hoped for an early political settlement based on relevant documents of the five permanent members of the United Nations Security Council, along with an early convening of the Paris conference.

Mahathir voiced appreciation for China's positive role as a Security Council permanent member.

In an exchange of views on the Gulf crisis, the two sides said they need to strengthen consultations and take joint efforts towards preventing war breaking out in the region.

East Asian Market Discussed

OW1112102290 Tokyo KYODO in English 0808 GMT 11 Dec 90

[Text] Kuala Lumpur, Dec. 11 KYODO—Chinese Premier Li Peng is "supportive" of Malaysian Prime Minister Mahathir Mohamed's idea of forming an East Asian market to counter protectionism but suggested consultations with other countries in the region first, a Malaysian Foreign Ministry spokesman said.

"He (Li) was struck by the proposal and agreed that there should be closer cooperation in trade between East Asian countries," said Foreign Ministry Deputy Secretary General Abdul Majid Mohamed.

"China agreed to consultations (on the East Asian market) but initially wants to establish flexible and loose ties. He acknowledged a need for some kind of a mechanism," Majid said in a briefing to reporters after a three-hour meeting between the two prime ministers and their delegations.

Mahathir floated the idea of an East Asian trade bloc last week to counter a likely increase of protectionism in Western countries following the failure of international trade talks in Brussels.

Mahathir said the failure of the talks will lead to the formation of regional markets such as the Canada-U.S.-Mexico market and a single European market in 1992.

Li, who is on a four-day goodwill visit to Malaysia, is the first senior foreign official to whom Malaysia has presented the idea.

Mahathir also intends to lay the proposal to Japanese Prime Minister Toshiki Kaifu, who is scheduled to visit here next month.

Mahathir's proposal envisions Japan and China as leading members, with South Korea, Hong Kong, Taiwan, Vietnam, Myanmar [Burma], and the six members of the Association of Southeast Asian Nations (ASEAN)—Malaysia, Thailand, Indonesia, Singapore, the Philippines, and Brunei.

Australian Prime Minister Bob Hawke also conceded last Friday that a regional market is necessary in the face of the trade talks collapse.

Mahathir, however, has significantly left Australia and New Zealand out of his East Asian market proposal.

Majid said both prime ministers agreed that developing countries were facing many kinds of protectionism from a Western world jealous of the rapid pace of economic growth in some countries.

They both agreed that action needs to be taken in the long run to counter protectionism, Majid said.

Li also assured Mahathir that China has no desire to use its Armed Forces to further its foreign policy objectives, saying that it is modernizing its forces mainly for defense.

China has always been considered a possible threat in the defense strategies of Southeast Asian countries.

In the upgrading of its forces, China is receiving technology from the United States and is also expanding its Navy.

During the talks, Li also gave a "guarantee" that China will not "resort to using the Overseas Chinese community for its own self-interest in this part of the world," Majid said.

Li said Overseas Chinese should respect the laws of their land of residence, according to Majid.

This is the first time that China has given such a clear message addressing the worries of many Southeast Asian nations with significant ethnic Chinese populations.

More than 30 percent of Malaysia's 16.9 million population, for instance, is ethnic Chinese, the largest percentage in any country aside from Singapore.

Relations between many Southeast Asian countries and China were strained for many years because Beijing backed the predominantly ethnic Chinese communist movements in these countries and was accused of attempting to destabilize governments in Southeast Asia.

Indonesia and Singapore only recently normalized relations with China.

Malaysia and China also agreed to improve bilateral trade and increase airline flights between the two nations, Majid said.

Airline officials of Malaysia and China will meet on December 18 to discuss the expansion of their services in each other's countries.

Comparison of Li Arrival

OW1012162790

Beijing XINHUA Domestic Service in Chinese at 1202 GMT on 10 December transmits a 964-character report on Chinese Premier Li Peng's arrival in Kuala Lumpur on the afternoon of 10 December. The XINHUA Domestic Chinese version has been compared with the XINHUA English version published in the 10 December China DAILY REPORT, page 13, revealing the following variation:

Paragraph seven, only sentence reads: "In a written statement issued to the press at the airport Premier Li Peng said: China and Malaysia are good neighbors. Since the establishment of diplomatic ties, especially in recent years, friendly and cooperative relations between the two countries have developed smoothly, thanks to joint efforts by the two sides. He expressed the hope that his visit will further enhance mutual understanding and trust, and will broaden cooperation in the economic, trade, scientific-technological, cultural and other fields." (adding material)

Railroad Delegation Arrives in Burma

OW1012155590 Beijing XINHUA in English
1440 GMT 10 Dec 90

[Text] Yangon [Rangoon], December 10 (XINHUA)—A Chinese railways delegation arrived here this afternoon to pay a goodwill visit to Myanmar [Burma].

The six-member delegation headed by Sun Yongfu, vice minister of the Ministry of Railways of the People's Republic of China, is visiting the country at the invitation of the Myanmar Ministry of Construction.

The Chinese guests were welcomed at Yangon airport by U Khin Maung Yin, managing director of Myanmar Public Works and U Khin Maung Than, director general of Myanmar Road Transport Administration Department.

During its eight-day stay in the country, the delegation will also visit Mandalay, the second biggest city of the nation, Myanmar railway workshop and Thanlyin bridge site in Yangon.

Son Sann Condemns SRV Over Cambodia Solution

OW1012180490 Beijing XINHUA in English
1643 GMT 10 Dec 90

[Text] Paris, December 10 (XINHUA)—Prime Minister of the Cambodian National Government Son Sann here today condemned Vietnam for continuing to impede [as received] an overall and political solution to the conflicts in Cambodia, calling on the international community to exert pressure to force the Vietnamese Government to change its stubborn stance.

In a statement, Son said that Vietnamese troops have been remaining in Cambodia since its invasion of the country in late 1978. Now estimated 60,000 Vietnamese army men, alleged as Phnom Penh forces or "experts and advisors", are still staying in Cambodia.

According to the statement, under the order of Vietnam, the Phnom Penh regime not only impeded the operation of the Supreme National Council (SNC) of Cambodia, but also questioned the draft agreement on United Nations' overall and political solution to the Cambodia issue, which accepted [as received] at the September's Jakarta meeting. It shows that the Phnom Penh regime has no sincerity to abide by the agreement.

Recently, Hun Sen, the head of Phnom Penh regime, has reportedly rejected a suggestion raised by Samdech Norodom Sihanouk to call a four-side emergency meeting to discuss SNC's proposals, the statement said, it indicates that the Phnom Penh side remains the obstacle of the peaceful process in Cambodia.

After announcing his statement, Son told reporters that he condemned what, Vietnamese say, the Jakarta agreement dissent from U.N. Charter. [sentence as received]

He pointed out that the agreement proposed by the five countries obtained the approval of the Security Council and U.N. Assembly with some relevant resolutions.

The prime minister said that Hanoi all the time pays no attention to these resolutions and it has no right to mention the U.N. Charter.

What Vietnam said to maintain the sovereign and independence of Cambodia indicates that it is just itself who interferes with its neighboring countries' internal affairs, he said, Vietnam's real intention is to sustain the Phnom Penh government.

What the Vietnamese did is aimed to put Cambodia under its permanent control, he added.

Son also called for the Soviet Union and Western countries to impose pressure on Vietnam.

Efforts To Form Thai Government Noted

OW1112082390 Beijing XINHUA in English
0630 GMT 11 Dec 90

[Text] Bangkok, December 11 (XINHUA)—Thai Prime Minister Chatchai Chunhawan said here Monday night that his new government will comprise six political parties with an absolute majority of 297 seats in the 357-seat House of Representatives.

Chatchai was quoted by the English daily BANGKOK POST as saying the parties which are to comprise the new coalition are the Chat Thai, Democrat, Social Action, Ratsadon, Puangchon Chaothai and Solidarity parties.

Solidarity Party leader Narong Wongwan confirmed here Monday that Chatchai has officially invited him to join the coalition and that his party, the largest opposition party in the country, has accepted the invitation.

Despite confirmation by the premier and the Solidarity Party leadership, the six-party lineup did not appear to be absolutely firm Monday night in the light of continued objections by Social Action Party (SAP) leader Khukrit Pramot over the inclusion of Solidarity.

Khukrit said in the northern city of Chiang Mai Monday that the inclusion of Solidarity in the new coalition government will cause a split among the coalition partners.

He said that by doing so, there will be no need for the SAP to participate in the new coalition since the new six-party lineup will command too many votes and it will be inappropriate to have such a large majority.

Meanwhile, apart from animosity between the SAP and Solidarity, key members of the Democrat Party are also reluctant to have Solidarity share the cabinet posts.

But leaders of the prospective coalition partners met for the first time here Monday to discuss the formation of the new government and the meeting is scheduled to continue today, informed sources said.

The main issue for discussion at the meeting is the allocation of new ministerial portfolios and cabinet quotas among the parties which are based on a formula of 297 (MPs) divided by 44 (the number of ministerial portfolios), the sources added.

Banhan Sinlapa-acha, chief negotiator and secretary-general of the Chat Thai Party, admitted Monday night that haggling among the six parties to share the cabinet posts in the new administration will be tough.

He said the formation of the new government is likely to be finished and announced next week.

Chatchai resigned from the post of prime minister Saturday and was reappointed as the new premier the following day.

More on Canberra Embassy Protest

OW1112104490 Beijing XINHUA Domestic Service
in Chinese 0721 GMT 11 Dec 90

[By reporter Xu Yuenai (6079 6885 0035)]

[Text] Canberra, 11 Dec (XINHUA)—The Chinese Embassy in Australia recently issued a statement in connection with a so-called resolution on human rights adopted by the Australian Senate—which irrationally accused the Chinese Government of "wantonly trampling on human rights" in Tibet—to express strong dissatisfaction over the Australian Senate's brutal interference in China's internal affairs.

The statement pointed out: Tibetan affairs are China's internal affairs, which brook no interference by any foreign government, organization, or individual. While a handful of separatists wildly attempted to divide the motherland by fabricating rumors and creating disturbances, their schemes have failed to succeed and will never succeed. "Unfortunately, some people in the world, who are totally ignorant of Tibet's history and actual situation, also have closed their eyes and have talked irresponsibly. This is regrettable."

The statement listed the enormous successes Tibet has achieved in all areas during the last 30 years, especially since the adoption of the reform and open policy. It pointed out: "Facts prove that Tibet can continue to develop and thrive only when it is a member of the great community of the Chinese nation."

Regarding the Dalai Lama, the statement said: The Dalai is not simply a religious person. He is an exile engaged in political activities in a foreign country. "We are firmly opposed to the Dalai Lama's words and acts, which are harmful to the unification of the motherland and the solidarity of the nation; the attempt by the Dalai Lama and his followers to divide the motherland with foreign influence cannot possibly succeed."

The statement pointed out: The Australian Senate's accusations against China in its resolution and its so-called three-point demands are totally groundless, and they constitute brutal interference in China's internal affairs. The Chinese Embassy in Australia categorically rejects the motion initiated by Senator Berne and is surprised at the degree of his ignorance. The statement said: "We welcome Australian senators to see Tibet themselves, and it would not be difficult for anyone without political prejudice to make a fair judgment of Tibet's historic changes after making a visit." Proceeding from the friendly relations between the peoples and parliaments of China and Australia, the Chinese Embassy in Australia hopes that the Australian Senate will refrain from doing any more such things that hurt the feelings of the Chinese people.

Philippines' Manglapus Optimistic on Bases Accord

OW1012224090 Beijing XINHUA in English
1655 GMT 10 Dec 90

[Text] Manila, December 10 (XINHUA)—Foreign Affairs Secretary Raul Manglapus today expressed optimism that the Philippines and the United States will overcome their differences and finalize a new bases agreement in the next round of talks in early January 1991.

"We are still hopeful that we can accomplish the termination of the talks next month," Manglapus told reporters in an interview.

The foreign secretary, who is also chief negotiator of the Philippine panel for the bases talks, said, "There are still some sticky points that we have to overcome with regard to status of forces, that is to say force levels, the condition under which United States personnel may stay there."

"We hope to improve on some of the situations that have arisen from the rather shaky legal provisions of former agreements which have not been fair to Philippine laws and the Philippine administration of justice," Manglapus said.

The just concluded round of talks between the Philippines and the U.S. remained deadlocked on the issues of criminal jurisdictions, customs regulations, taxation and tariff and other base-related matters.

Manglapus said that the issue of bases compensation will be discussed in the forthcoming round of talks. But he declined to say how much the Philippines will ask.

"We have shown our readiness to cooperate with the United States in meeting their security needs, and their security objectives. We are expecting that the United States will also consider our own economic needs," the foreign secretary stressed.

The U.S. two largest overseas military installations in the Philippines—Clark Air Base and Subic Naval Base. [sentence as received] The current Philippine-U.S. military bases agreement will expire on September 16, 1991.

Near East & South Asia

Yang Shangkun Receives Special Saudi Envoy

OW1112121390 Beijing XINHUA in English
1127 GMT 11 Dec 90

[Text] Beijing, December 11 (XINHUA)—King Fahd of Saudi Arabia has expressed appreciation to China for its position on the Gulf crisis in a letter to Chinese President Yang Shangkun, according to the Chinese Foreign Ministry.

The letter was handed to Yang here this morning by the Saudi king's special envoy, 'Abd-al-'Aziz Althonayan.

King Fahd wrote that China's position shows that it is concerned with the safety of small nations, is against aggression and wishes to promote international peace and security. He said such a position is worthy of universal praise.

Yang reiterated that China always upholds that relations among countries should be based on the five principles of peaceful coexistence.

Based on these principles, he said, China is against Iraq's invasion and annexation of Kuwait and holds that Kuwait's independence, sovereignty, territorial integrity and legal government should be restored.

He said China understands that some neighboring countries of Iraq invited foreign forces to stay in their territories for their own security.

He said China also holds that the crisis should be solved through peaceful means. The international community should make every effort to seek a peaceful solution so long as there is even a shred of hope. But as the danger of the eruption of war still exists the international community should keep vigilant.

He added that the international community should keep its pressures on Iraq on the one hand and try to create more chances for peace on the other.

On Resolution 678 of the United Nations Security Council, Yang said China's position has shown that China stands for seeking a peaceful solution to the Gulf crisis.

Althonayan, also Saudi Arabia's vice-minister for foreign affairs, said his country will make every effort to seek a fair solution to the Gulf crisis, namely, Iraq's withdrawal from Kuwait.

Reviewing Sino-Saudi Arabian relations, President Yang said that since the two countries established diplomatic relations in July this year, Senior officials from both sides have visited each other's country frequently, which shows that their relations have developed to a very friendly stage.

King Fahd reiterated in his letter that he has accepted an invitation from President Yang and will visit China at an appropriate time.

The Saudi special envoy arrived in Beijing by special plane yesterday morning and held talks with Chinese Deputy Foreign Minister Qi Huaiyuan yesterday afternoon on the Gulf crisis, bilateral relations and other issues of common concern. He is scheduled to wind up his visit to China December 13.

Kuwaiti Official on Linking Gulf, Palestinian Issues

NC1012153290 Manama WAKH in Arabic
1450 GMT 10 Dec 90

[Text] Beijing, 10 Dec (WAKH)—Ambassadors of the Gulf Cooperation Council member states met here today

with Wan Li, chairman of the PRC National People's Congress Standing Committee, to discuss the crisis of the Iraqi occupation of Kuwait.

After the meeting, Kuwaiti Ambassador 'Abd-al-Hamid al-Bu'ayjan said that he felt that ("China's policy) of support for Kuwait is firm because it has reiterated its condemnation of the unjust Iraqi aggression of the State of Kuwait. He added that China and its people firmly support Kuwait.

Replying to a question about reports of a linkage between the Middle East issue and the Iraqi occupation of Kuwait, al-Bu'ayjan said that these are malicious attempts to involve the region in difficult issues and in vast labyrinths so as to divert attention from the issue of the Iraqi invasion. He added: We remind those who are trying to raise these matters that PLO leader Yasir 'Arafat in the past had tried to link the Lebanese issue to that of the Middle East but this resulted in the exit of the PLO and its forces from Lebanon and the burdening of the Palestinian people with constant sufferings because the Palestinian ("leadership) is occupied with political dreams and not facing the situation courageously and realistically. He went on to say: Political [word indistinct] have exploited the Palestinian issue for their own interests. No one has been able to help the Palestinians but, on the contrary, has impeded their struggle and involved them in problems they could do without. Saddam Husayn now comes to exploit the Palestinian issue once again, but we see nothing to prove the sincerity of his conduct and intentions.

King Husayn Calls for Arab Dialogue on Gulf

OW0912181490 Beijing XINHUA in English
1619 GMT 9 Dec 90

[By Chen Ruwei]

[Text] Amman, December 9 (XINHUA)—King Husayn of Jordan today called for an Arab-Arab dialogue parallel to the anticipated Iraqi-American talks on the Gulf crisis, describing the crisis as "an Arab issue which concerns the Arabs primarily."

"The forthcoming Iraqi-American dialogue does not mean that the Arab states should satisfy themselves with the role of spectators awaiting results," the king said in a 14-page speech to a graduating class of the Military Staff Academy.

"Let us start a comprehensive and frank dialogue. The opportunity for reconciliation and accord between Arabs will always be there," he said.

The king once again advocated the linkage formula. "We call for convening an international peace conference on the Middle East when implementation of Security Council resolutions regarding Kuwait begins," the king said.

"The task of this conference should be implementation, without delay, of Security Council resolutions pertaining to the Arab-Israeli conflict with a clear determination and commitment by all," he added.

At the U.N. Security Council, voting of a resolution critical of Israel's treatment of Palestinians is being delayed because the United States rejects inclusion of an international conference on the Middle East in the draft.

"The convening of this conference should not be viewed as a favor from anyone or a reward to anyone," said King Husayn, apparently attempting to persuade the U.S. not to veto a resolution calling for such a conference.

The king also called on the Arab leaders to mediate and compromise during the proposed Arab-Arab dialogue.

"We must give the Arab mediator the opportunity to engage both parties to the conflict in a dialogue," the king said.

"The principle of compromise should be adopted by all the Arab leaders during the Arab-Arab dialogue," he said.

"This principle leads ultimately to a balanced and final resolution since it allows a process of give-and-take which results in an outcome acceptable to both parties," he explained.

Pakistani President on Peaceful Nuclear Uses

OW1012181290 Beijing XINHUA in English
0911 GMT 10 Dec 90

[Text] Islamabad, December 10 (XINHUA)—Pakistani President Ghulam Ishaq Khan has asked the International Atomic Energy Agency (IAEA) not to be misled by distortions about his country's nuclear program.

While meeting with Normaly Bin Muslim, visiting deputy director general of the IAEA Department of Technical Cooperation here on Sunday, the president said the Pakistani nuclear scientists are using their knowledge and skill to develop high yielding and blight resisting varieties of cotton and pulses. The nuclear knowledge has also been used in the fields of medicine, bio-technology and food preservation, he added.

During the meeting, the IAEA guest assured the president that his agency will continue to cooperate with Pakistan in the peaceful uses of nuclear technology.

The United States recently cut off its promised 500 million U.S. dollar military and economic assistance to Pakistan due to its alleged development of nuclear devices. Talks between the two countries on this matter are continuing.

East Europe

Walesa Admits 'Terribly Difficult Tasks' Ahead

OW 1012164490 Beijing XINHUA in English
1454 GMT 10 Dec 90

[Text] Warsaw, December 9 (XINHUA)—Polish President-elect Lech Walesa tonight promised that after he takes office everyone will have a job.

In his first televised speech since winning the election, Walesa admitted however that "terribly difficult tasks await us," and called on the populace to make a joint effort and sacrifices for the nation.

Speaking about his agenda for ruling the country, Walesa said that his government will continue political and economic reforms and that Poland will open further to Western countries.

The initial election results show that Walesa won 75 percent of the vote while his rival, businessman Stanislaw Tyminski, gathered only 25 percent of the ballots cast.

In the first round of elections on November 25, Walesa and all five other candidates failed to win the requisite 50 percent of the vote, forcing a run-off election.

Polish presidential elections are slated for every five years, but the present race happened more than four years ahead of time because of major changes that have taken place in the country's political situation.

According to the State Election Committee, 53 percent of the electorate cast votes in the second round of voting, much lower than the predicted turnout of 70 to 80 percent.

Polish Trade Union Delegation Visits Liaoning

SK 1012133290 Shenyang LIAONING RIBAO
in Chinese 29 Oct 90 p 1

[Text] Li Guozhong, member of the presidium of the All-China Federation of Trade Unions, Standing Committee member of the Liaoning Provincial CPC Committee and president of the provincial Trade Union Council, met with all the members of the visiting delegation from the Polish National Confederation of Trade Unions led by Wojciech Machnicki, deputy chairman of the Polish Confederation of Trade Unions, at Liaoning's Youyi Guesthouse on 27 October.

Li Guozhong introduced the guests to the work of the Liaoning Provincial Trade Union Council, and extended a welcome to the delegation on its visit to Liaoning. Both sides exchanged views extensively on the work of trade unions.

After the meeting, Li Guozhong hosted a banquet in honor of the Polish guests. Zou Huaman, vice president of the Liaoning Provincial Trade Union Council, was present at the meeting and the banquet.

Bulgarian Students Split Over Strike

OW 1112043390 Beijing XINHUA in English
0300 GMT 11 Dec 90

[Text] Sofia, December 10 (XINHUA)—While the students' strike continued at Sofia University, some of their number gathered at the blockaded main gate there today demanding that classes be resumed.

They called on National President Zhelyu Zhelev to take action to restore normal school life and the strikers to end their protest.

The strike began on November 5, with the demand that the government resign. This did on November 29 but the protest went on, with the students saying they would stay out until problems over teaching, housing and society in general had been resolved.

Last night, President Zhelev appealed on television for the strike to be called off.

Journal Examines Current Albanian Reform

HK 1012135490 Hong Kong LIAOW ANG OVERSEAS
EDITION in Chinese No 49, 3 Dec 90 pp 28-29

[Article by Li Jiyu (2621-1323-3768): "Albania in Reform"]

[Text] Tirana—In mid-November, the 11th People's Assembly of Albania held its eighth meeting. The meeting passed the new "Election Law on the People's Assembly," called the "Principle for Democratic Reform of the Albanian Political System." It also adopted various important decrees such as the first "State Arbitration Law" and "Auditing Law," drafted to ensure a smooth process of economic reform, the "Law Governing the Issue of Passports and Visas for Travelling Abroad", the "Law Protecting Foreign Investments in Albania", and the "Law Governing the Economic Activities of Joint Venture Enterprises Set Up By Albania and Foreign Partners in Albania." The meeting also decided to form a special committee to elaborate on and amend the Constitution, headed by president of the Presidium of the People's Assembly Ramiz Alia, to consider substantial changes in the Constitution regulations.

The new "Election Law" has changed the past practice whereby only the Democratic Front was allowed to nominate candidates to serve as deputies to the People's Assembly. It stipulates that lawful social and political organizations and groups such as the Albanian Workers Party, the Democratic Front, workers', youths', and women's organizations, and the artists' and writers' associations have the right to nominate candidates, that every citizen has the right to volunteer as a candidate, and that competition among candidates in elections will be practiced.

The changes in the Constitution involve three aspects. The regulation saying that "the Albanian Workers Party is the sole directing political power in state and society"

was changed to one stating that it is the basic guarantee for prosperity and advancement in the country; on the premise that no political conditions are attached, and no harm is meant to the Albanian people and the state's sovereignty, foreign loans can be accepted to set up joint venture enterprises or organizations with foreign countries, and the ban on religious activities has been lifted. Alia said at the Assembly meeting: "The party's leadership is not won by law or decree, but is guaranteed by its policy." The party's newspaper, *ZERI I POPULLIT* [Voice of the People], also pointed out that such changes did not mean the party would give up its leadership position or reduce its leadership role.

The meeting signified a new and important step taken by Albania toward economic reform, legal construction, and political restructuring, providing the country with a legal guarantee for further promoting reforms in various fields in the future.

In recent years, under the leadership of the Albanian Workers Party, Albania has adopted many measures to change its backward economy and eliminate various shortcomings in its economic, political, and administrative systems. It has steadily adjusted the policies concerned, based on the country's practical situation of political, economic, and cultural development and on the changes in the international environment. The country has changed profoundly and is continually changing.

In the past, Albania only practiced planned economy and the management method characterized by centralization of power, which affecting the enthusiasm in the localities and enterprises as well as economic development. To cast off the difficult situation, Albania started economic reform in the second half of the 1980's, beginning the campaign in the rural areas. Based on a decision made in September 1986 by the Albanian Workers Party Political Bureau, some agricultural collectives began the experiment of expanding self-determination rights, scoring good results in terms of arousing enthusiasm for production. In 1988, some production and research units began trying the method of independent auditing, while foreign trade departments also started trial implementation of leasing, payment by installments, and compensation trade.

This year, Albania has greatly adjusted its economic policies and opted for "overall and substantive improvement" in the economic system. In January, the Ninth Plenary Session of the Albanian Workers Party clearly announced it would give up using administrative means to manage the economy and, instead, would use economic means and levers. The plenary session proposed a dozen measures for economic reform, such as expansion of self-determination rights among enterprises, improvement of the style for organizing labor, practicing independent auditing, perfection of the distribution and price systems, and so on. In April, the party's 10th plenum further affirmed and elaborated on the ideas of economic reform proposed by the ninth plenum. In early

May, the People's Assembly approved the overall plan for economic reform submitted by the Council of Ministers. The plan was based on the "new economic mechanism" as the mainstay, as proposed by the spirit of the two plenary sessions.

The core of the new economic mechanism comprised: Expansion of self-determination rights concerning planning, production, and operation among enterprises; totally independent auditing and financing among enterprises; and adoption of remuneration styles such as contracting, fixing quotas, and counting pieces. The new economic mechanism was viewed as being "in accordance with the needs of development of continual intensification of the economy" and as injecting certain elements of market economy into Albania's planned economy which has a dominant position. It was thus beneficial to "developing the eagerness and creativity among enterprises and the laboring masses." The new economic mechanism also strengthened the bank's role in supervising, regulating, and controlling various economic activities among enterprises; implemented the bankruptcy system among enterprises; changed the old and rigid rule of fixed price; and permitted floating prices for some commodities. Starting 1 January 1991, the new economic mechanism will be practiced in all enterprises throughout the country.

In addition, Albania also announced a series of important measures for economic reform, such as correcting the error of excessive public ownership; reducing the size of agricultural collectives, allowing members of agricultural collectives to have private plots and animals; permitting and encouraging agricultural collectives and their members to sell surplus produces themselves; admitting that the promotion of state ownership had been too rapid in the past; allowing individuals to engage in handicraft production and operation and in service industries again; relaxing the excessively controlled circulation channel and allowing enterprises to market some products themselves; correcting the past concept of attaching importance only to production and not to market, paying attention to the lives of the masses and to market supply; encouraging and protecting the agricultural market; and breaking through the confinement of the regulations concerned in the Constitution, so as to accept foreign investments and loans and provide legal protection for foreign investments.

Alongside the continuous deepening of economic reform, in the political field, Albania continued to uphold socialism and party leadership and actively promoted the process of "democratization of national life" and improved the political system, thinking that this was the "determining factor which guarantees the healthy development of socioeconomic life in the whole country." For this purpose, the Albanian Workers Party and the state adopted a series of measures, which included:

—Stressing the separation between party and government and abandoning the practice of substituting the

government with the party, suggesting that party leadership is in the political and ideological fields.

—Attaching importance to strengthening legal construction. Alia stressed "a state ruled by law" at the recent People's Assembly meeting. This year, the Assembly has promulgated more than 10 decrees such as the "Enterprise Law," "Price Law," "Banking Law," "Passport Law," "Law on Procession and Gathering," and the "Law Protecting Foreign Investments in Albania," in addition to the amendments to the "Criminal Law," "Election Law," and the "constitution." The judicial department must be rebuilt and a system of lawyers established.

—Changing the cadre system. Abolish life-long tenure for cadres, practice limited term of office, improve the system of cadre appointment, introduce competitive mechanism, stipulate that some grass-roots leaders should be directly elected by the grass-roots units concerned, allow nonparty persons to take office at various levels, and streamline administration.

—Improving the masses' consciousness for participating in government, giving them more rights to take part in administering the state, bringing closer ties between the party and government on the one hand and the people on the other, adjusting relations between the Democratic Front and the mass organizations, such as workers', youths', and women's groups on the one hand and party and state on the other.

—Opposing bureaucracy, practicing more effective supervision by the workers and the masses, and practicing the system of open meetings of grass-roots party organs.

—Amending the regulation banning religious activities stipulated in the Constitution and permitting freedom of religious belief.

The economic reform has scored some initial results. Last year, economic growth was six percent, agricultural growth was nine percent, and foreign trade volume greatly increased by 25 percent over the previous year. The 98 enterprises which have implemented the new economic mechanism on a trial basis since July have earned an additional 14 million leke (10 leke equal \$1) within three months. Supplies in the urban and rural markets, especially meat, eggs, milk, vegetables and other daily necessities and small commodities have markedly improved. The economic departments have signed more than 10 agreements and letters of intent on economic cooperation with foreign businesses.

At the same time, Albania still faces many unresolved major problems and conflicts: The conflict between the target of speeding up economic development and lack of funds and technology is becoming acute; the conflict between the people's demand for upgrading the standards of their material and cultural lives as soon as possible and the slow speed of economic development is also conspicuous; the relations between state organs and economic departments, and between planning and market, have not been properly handled; while many economic relations have not yet been straightened out. In addition, implementation of the reform policy has met continuous interference from the "old and conservative concept" and from people seeking quick results instead of looking at the country's situation. It has faced anarchism and liberalization waged by those who have a one-sided view of the reform and democratization of national life. Responding to this, Alia said at the party's recent 12th plenum, that: "We should not be afraid to discuss these problems" adding that it was necessary to overcome the difficulties and solve the problems through further deepening of the reform.

Political & Social

State Council Appointments, Removals Announced

HK1112102290 Beijing XINHUA in English
0959 GMT 11 Dec 90

[Text] Beijing, December 11 (XINHUA)—The State Council, China's highest governing body, has appointed Liu Jiang and Wang Chunzheng vice-ministers in charge of the State Planning Commission.

Other recent personnel changes:

Ma Zhongchen was appointed vice-minister of agriculture, Chang Jie was made director of the councillors' office under the State Council and Guo Ji became director of the bureau of government office administration under the State Council.

Chang Jie was removed from his concurrent posts of deputy secretary general of the State Council and director of the bureau of government office administration of the State Council; Li Boyong from his office of vice-minister of labour; Niu Maosheng from his office of vice-minister of water conservancy; Liu Jiang from his concurrent office of vice-minister of agriculture; Pan Yao from his office of vice-minister of commerce; and Wu Qingtong from his office of director of the councillors' office under the State Council.

NPC Chairman Wan Li's Resignation Rejected

HK1112073390 Hong Kong CHING PAO in Chinese
No 161, 10 Dec 90 p 50

[Article by Meng Lin (1322 3829): "Jiang Zemin Does Not Accept Wan Li's Resignation"]

[Text] In the middle 10 days of November, after the Chinese Government announced the information that as Wan Li, chairman of the National People's Congress [NPC] Standing Committee, did not feel well, he had put off his visit to Britain, conjecture about whether Wan Li had a "political illness" or not appeared immediately abroad.

This writer learned from Beijing: Wan Li, 74 years old, is really ill and his doctor advised him to take a rest for some time. When Wan Li gets well, he will still visit Britain. This was clearly and definitely declared by Tian Zengpei, China's vice minister of foreign affairs, during his visit to Britain.

What was unexpected was that Wan Li "requested resignation" from CPC General Secretary Jiang Zemin not long ago. In his letter of resignation, Wan Li said that a leadership collective with Jiang Zemin as the core has been formed and as he is advanced in years, he requests that the central authorities grant his resignation from the post of chairman after his visit to Britain. He also recommended that Wu Xueqian be appointed acting chairman before the re-election of the NPC. He also

hoped that the high-level leaders would happily retire when they reach the specified age limit.

Jiang Zemin received Wan Li's letter of resignation before he went to south China. He had a talk with Wan Li after he returned to Beijing from Zhuhai. He sincerely told Wan Li: The party needs you, the people need you, and you cannot leave.

Certain authoritative figures in Beijing said that Jiang Zemin handled this matter well. Although Wan Li sincerely requested resignation, he could not leave.

Rumors of Deng's Health Spread Abroad Again

HK1112042590 Hong Kong CHING PAO in Chinese
No 161, 10 Dec 90 p 43

[Article by Ming Ping (2494 5493): "Deng Says That Marx Is Reluctant To Send Him an Invitation"]

[Text] Over a period of time, rumors in Hong Kong and abroad have said that Deng Xiaoping is seriously ill, admitted into a hospital, is critically ill, and even is dead; and a China Foreign Affairs Ministry spokesman announces that such news is purely rumor and emphasizes that Deng Xiaoping is in good health. In the beginning of November, Deng Xiaoping's daughter and son, in Japan and Beijing respectively, talked about Deng Xiaoping's good health and normal life and also pointed out at the same time that it was likely that some people intentionally started such rumors in an attempt to reap profits from the stock market. Hardly has one wave subsided when another rises. By the last 10 days of November, it was rumored that Deng Xiaoping had been dead for many days. A leading Japanese newspaper even printed an extra, but its publication was cancelled at the last minute. A Chinese Government spokesman solemnly pointed out again that such news was completely fabricated. While attending a 21 November cocktail party to mark the 90th anniversary of the Chinese Chamber of Commerce's founding, Zhou Nan, director of the XINHUA NEWS AGENCY's Hong Kong Branch, was surrounded by a group of reporters and was asked to verify whether Deng Xiaoping was dead or not. Zhou Nan clearly and definitely answered: This is sheer nonsense and must not be believed. The writer has also learned from reliable channels that Deng Xiaoping is in good health and leads a normal life.

Beijing authorities are vexed at the frequent distortion of Deng Xiaoping's state of health and at the fabricated reports. They feel awkward at the same time. Since his resignation from the CPC Central Committee Military Commission chairmanship last year, Deng Xiaoping declared to the outside world: In future, I shall generally not meet leaders and important persons of political circles who come to visit China and shall not openly issue statements. Thus, Deng Xiaoping appears on public occasions very rarely. As Deng is still an important decision maker in China's political circles, if he does

not appear for a long time, the media certainly will conjecture. From this angle, it is hard to be overcritical of the media.

Leaders Must Understand Conditions at the Lower Levels

It was disclosed that on the morning of 20 November, Deng Xiaoping played bridge with Yang Shangkun, Wan Li, and Bo Yibo. In the afternoon, Standing Committee members, including Jiang Zemin, Li Peng, and Li Ruihuan, came to Deng's house to report to Deng on that month's inspection of provinces. Having listened to the reports, Deng Xiaoping stated his views: This is very good. Being able to frequently go to other places to see and listen, grasping first-hand data, understanding the situation in local development and relations between the cadres and the people in the localities, whether or not local people's enthusiasm is fully aroused, and what local problems need solving, play a part in guaranteeing the correctness of the principles and policies to be formulated by us leaders and avoiding and overcoming bureaucracy at the same time.

Marx Has Not Sent Me an Invitation

While dwelling on all sorts of foreign reports of his state of health, Deng Xiaoping said: "It has recently been reported that I am seriously ill and have died. Such reports seem to be periodic." Deng also humorously said: "How can a man revive after death? I am 86 years old. It is not bad to have such health at such an age; my memory is still okay, and I cannot be considered muddleheaded. It appears that Marx is reluctant to send me an 'invitation.' The invitation will not be sent to me until after I go to Hong Kong to have a look."

Deng Develops Mao Party-Building Thought

HK1012152990 Beijing RENMIN RIBAO in Chinese
7 Dec 90 p 5

["Pen Talk" under the heading "Only Socialism Can Develop China" by Wang Hongmu (3769 3163 2875): "Comrade Deng Xiaoping's Tremendous Contributions Toward Mao Zedong Thought on Party Building During the New Period"]

[Text] Since the smashing of the "gang of four," particularly since the Third Plenary Session of the 11th CPC Central Committee, our country has entered a new period of historical development and the building of the CPC itself has also entered a new stage. In the great practice of carrying forward the socialist cause and forging ahead into the future in the new period, the party has encountered and solved many new problems. Accordingly, many new characteristics and new contents have emerged in the theory and principle of party building. To sum up, the party Central Committee with Comrade Deng Xiaoping as the core has encountered and solved three big problems of party building in the previous 10-odd years: 1) It has enabled the party to get out of the predicament of the "great cultural revolution"

and to step onto the road of healthy development; 2) it has made the party become a strong leadership core in modernization construction, reform, and opening up; 3) it has enabled the party to become a mainstay in the struggle against bourgeois liberalization and peaceful evolution. Centered on the solution of these three big problems, the theory and principle of party building put forth by Deng Xiaoping also have new characteristics in three aspects. They are expressed in:

1. In the Course of Bringing Order Out of Chaos, the Scientific Principle of Mao Zedong Thought on Party Building Is Resumed and the Inheritance of Mao Zedong Thought on Party Building Is Embodied

The victory in smashing the "gang of four" in October 1976 allowed our country to enter a new historical period. Where could we start bringing order out of chaos to make the party's cause take the road of healthy development in the face of the situation in which everything had been neglected? The revolutionaries of the older generation with Comrade Deng Xiaoping as the core maintained: The force at the core that leads our cause is the CPC and it is necessary to begin with party leadership and party building. So long as the harm caused by Lin Biao's and the "gang of four's" sabotage of party leadership and party building was removed and incorrect "left" interference was eliminated, the party and socialist cause could be made to take the broad road. It was the Third Plenary Session of the 11th CPC Central Committee, initiated and held by old revolutionaries including Comrade Deng Xiaoping, that played a great part in solving this problem. In the period from the smashing of the "gang of four" to the Third Plenary Session of the 11th CPC Central Committee and the 12th CPC National Congress, Comrade Deng Xiaoping was devoted to the strengthening and improvement of party leadership over the socialist cause in the course of bringing order out of chaos and he put forward many important theses on party building.

First, with a view to overcoming the confusion in the party's guiding ideology caused by Lin Biao, the "gang of four," and "two whatevers" and re-establishing the guiding role of Mao Zedong Thought in the whole party, Comrade Deng Xiaoping first put forth the necessity of "completely and correctly understanding Mao Zedong Thought" ("Selected Works of Deng Xiaoping"—1975 to 1982, p 39), the necessity of "holding aloft the banner of Mao Zedong Thought and adhering to the principle of seeking truth from facts" (Ibid, p 121), the necessity of "emancipating thinking, seeking truth from facts, and uniting as one to look forward" (Ibid, p 130), the "necessity of correctly appraising Mao Zedong Thought and scientifically establishing the guiding role of Mao Zedong Thought" (Ibid, p 256), and so on. This led the party to bring order out of chaos in ideological and theoretical building.

Second, to correct the leftist mistake of continuously "taking class struggle as the key link" after the fundamental completion of the socialist transformation of

private ownership of the means of production and correct the party's political line, while inspecting work in northeast China in September 1978, Comrade Deng Xiaoping put forward the necessity of timely shifting the focal point of the work of the whole party onto socialist modernization construction. Subsequently, in his speech while receiving all comrades attending an enlarged meeting of the Navy Party Committee Standing Committee in July 1979, he pointed out again: "It is our political line to embark on socialist modernization construction. The 'gang of four' put forth that 'they would rather have poor socialism than rich capitalism.' If socialism is always poor, it cannot stand on its feet." (Ibid, p 176) This led the whole party to bring order out of chaos in the party's political line.

Third, to resume the party's organizational principle of democratic centralism sabotaged during the period of the "cultural revolution," in his speech on "emancipating thinking, seeking truth from facts, and uniting as one to look forward," Comrade Deng Xiaoping emphatically pointed out: "An extremely important condition for emancipating thinking and using brains is to really pursue proletarian democratic centralism. We need centralized and unified leadership but can only achieve correct centralism if we have full democracy." He also said: "In the present period, we especially need to stress democracy. It was because in a fairly long period in the past, democratic centralism was not really pursued, stress was laid on centralism without democracy, democracy was too little...How can we ask everyone to emancipate thinking and use brains if such a situation is not altered? How can the four modernizations be achieved?" (Ibid, p 134) This led the whole party to bring order out of chaos in the organizational principle.

Fourth, with the view of restoring the excellent traditions and style of work of the party, in his closing speech at the 11th CPC National Congress, Comrade Deng Xiaoping also pointed out: We must restore and carry forward the mass line established by Mao Zedong for our party and the excellent traditions and style of work of seeking truth from facts, conducting criticism and self-criticism, being modest and prudent, shunning complacency and impetuosity, and struggling hard and wholeheartedly serve the Chinese people and the peoples of the world. This led the whole party to bring order out of chaos in the building of the style of work.

Comrade Deng Xiaoping has made unremitting efforts in the aspect of restoring and carrying forward the scientific principle of Mao Zedong's doctrine on party building. The above-mentioned important ideas of his have been adopted by the party Central Committee since the Third Plenary Session of the 11th CPC Central Committee and accepted by the whole party, thus guiding our party to quickly get rid of the serious influence of the "cultural revolution" and strongly leading the people to effect a great change from the predicament of the "great cultural revolution" to the

new situation in socialist modernization construction, reform, and opening up. The party's work also presents a scene of vitality.

2. In the Course of Modernization Construction, Reform, and Opening Up, New Viewpoints and New Theory of Party Building Are Proposed and New Contributions Toward Mao Zedong Thought on Party Building Are Made

Party building in the new period not only was carried out to bring order out of chaos but also is carried out in modernization construction, reform, and opening up. To suit the new situation, Comrade Deng Xiaoping led the whole party to practically and realistically change certain previous party-building principles like "taking class struggle as the key link." He clearly and definitely proposed that the party should be built from the needs of leading modernization construction, reform, and opening up so that the party not only can lead the class struggle but also can shoulder the important historical duty of leading socialist modernization construction, reform, and opening up. He has successively published several dozen expositions to expound his new viewpoints and opinions.

First, in the party's ideological and theoretical building, he put forward the theory of building socialism with Chinese characteristics as the general guiding ideology for the party to lead modernization construction, reform, and opening up in the new period so as to add new contents to Mao Zedong Thought. This new theory is constituted from a series of scientific theories and viewpoints, which include: The viewpoint that it is necessary to base the building of socialism on the national conditions of our country and to take our own road; the viewpoint that a very long initial stage is needed for building socialism under the backward economic and cultural conditions; the viewpoint that the basic task of the socialist society is to develop the productive forces and to concentrate forces to achieve modernization; the viewpoint that the socialist economy is the planned commodity economy; the viewpoint that reform is an important impetus to the development of the socialist society and opening to the outside world is an essential condition for achieving socialist modernization; the viewpoint that socialist democratic politics and socialist spiritual civilization are the important characteristics and viewpoint of socialism; the viewpoint that the two basic points—adhering to the four cardinal principles and adhering to reform and opening up—are mutually integrated with none of them dispensed with; the viewpoint that state reunification is achieved with "one country, two systems"; the viewpoint that the party style of the ruling party has a bearing on the destiny of the party; the viewpoint that relations with the communist party and the other political parties of foreign countries are developed on the basis of the principles of maintaining independence and keeping the initiative in one's own hands, complete egalitarianism, mutual respect, and noninterference in each other's internal affairs; the viewpoint that peace and development are the subject of the

contemporary world, and so on. These viewpoints constitute a theoretical outline for building socialism with Chinese characteristics, give initial answers to the basic questions of the stage and tasks of, impetus to, conditions for, layout of, and international environment for socialist construction of our country, and plan the scientific track for us to advance. Obviously, this is a theoretical weapon that our party must possess in leading socialist modernization construction, reform, and opening up. Without this weapon, our party will become a blind rather than a sober-minded leader; with this weapon, our party can control this socialist ship of China so as to bypass hidden reefs and dangerous shoals, and successfully attain the desired aim. People often say that the theory and principles on party building put forward by Comrade Deng Xiaoping in the new period are a component part of Mao Zedong Thought on party building; this is correct. They are not, however, a general component part but an important component part that reflects a new historical stage. They constitute a relatively independent ideological system, the theoretical pillar of which is to build the party into the socialist leadership core with Chinese characteristics and which leads to a series of new questions and new viewpoints and develops Mao Zedong's doctrine on party building.

Second, in the target of struggle for party building in the new period, he put forth that "we must build our party into a Marxist political party with combat effectiveness and into a strong core to lead the people of the whole country to engage in the building of socialist material civilization and spiritual civilization." (Revised and enlarged edition of "Building Socialism with Chinese Characteristics," pp 25-26) Building the party into a Marxist political party with combat effectiveness is the common target that our party must adhere to in all different historical periods, whereas making the party into a strong core to lead the building of socialist material civilization and spiritual civilization is the new content of the target of party building in the new period and reflects the characteristics of the times.

Third, on the issue of organizational building, Deng Xiaoping stressed the need to complete and perfect democratic centralism, the realization of cadres being more revolutionary, younger in average age, better educated, and more professionally competent, the abolition of the de facto life tenure of cadres in leading posts, and so forth. Based on the objective requirements of the heavy tasks of construction and reform in the new historical period, Comrade Deng Xiaoping believed that only by building a party with complete and perfect democratic centralism will it be possible to guarantee the party leadership's correctness and party organizations' combat strength. He stressed, "What we need is centralized and unified leadership; however, only ample democracy is capable of achieving correct centralism." ("Selected Works of Deng Xiaoping" (1975-1982) p 134.) Again, he stressed, "Organizations at all levels and every party member must submit to a superior organization's decision in all actions as stipulated in the party

constitution, especially they must maintain political unanimity with the Central Committee" (Ibid, p 326.) "Should a party allow speeches and actions of its members on their free will, the unified will and combat strength of this party would be out of the question, nor would the party smoothly fulfill its tasks" (Ibid, p 235.) Repeatedly, he explained the relationship between democracy and centralism is one of dialectical unity; neither can be neglected. The neglect of either will lead to deviation in the party organization and organizational building, and result in the party's loss of its combat strength. He believed that democratic centralism reflects the dialectical law governing inner-party democratic building. The principle of cadres being more revolutionary, younger in average age, better educated, and more professionally competent was an original decision Comrade Deng Xiaoping has provided for the party. In the "four transformations" of the cadres' contingent, being more revolutionary is basic. Without being revolutionary, their knowledge would not help the people any. However, under the prerequisite of being more revolutionary, being younger in average age, better educated, and more professionally competent can be very important. This is because the problems of aging, poor educational background, and professional incompetence made themselves keenly felt in the wake of the party's work focus shifting to socialist modernization. Just as Comrade Deng Xiaoping put it: "The problem confronting us today is the lack of a number of cadres that are competent professionals in their prime. The four modernizations would be out of the question without them." (Ibid, p 193.) In addition, he said: "If we fail to conduct this revolution, with the aged and the sick getting in the way of those cadres who are comparatively younger, energetic, and competent, the four modernizations would be hopeless; moreover, it would involve the end of the party and the state." (Ibid, p 352.) In connection with the "four transformations" of the cadre contingent, Comrade Deng Xiaoping also proposed the gradual abolition of life tenure for cadres in leading posts. His two starting points were: First, to establish a retirement system for old cadres and the selection and recommendation of new cadres, and to implement the replacement and cooperation between old and new cadres, proceeding from the continuity of the party's cause. And second, to take into consideration overcoming bureaucracy in leading work and improving the party leadership.

Fourth, on party style building, aside from continuing to require the play of the party's fine traditions and style, he stressed that according to the new problems surfacing under the conditions of the party being in office, reform and opening, the important topics of opposing such unhealthy tendencies as bureaucracy and power-abusing as well as opposing corruption, while mobilizing the whole party's strength to find the solutions. On the main contents in inner-party ideological education, he stressed the need to conduct education in communist ideals, ethics, and discipline, in the party's line, principles, and policies, in serving the people heart and soul,

plain living and hard work, while guiding the whole party to resist the attacks of money worship characterized by the Western bourgeoisie and other decadent ideas.

And fifth, on building the party leadership system, he proposed the need to reform the party leadership system, to guarantee the party leadership's correctness and party organizations' combat strength. In his important speech, entitled "On the Reform of the System of Party and State Leadership," he required elimination of malpractices in the specific institutions concerning party leadership, including the phenomena of bureaucratism, excessive power centralization, patriarchal system, life tenure for cadres in leading posts, and special privileges of every description. In this speech, he discussed six major policies and measures for reforming the leadership system of the party and state, and provided a basic program for completing and perfecting the leadership system of the party and state.

The points mentioned above do not include the host of contents in party-building thought that Comrade Deng Xiaoping has proposed based on the new situation of modernization, reform, and opening. But from what is cited above, we can very well see the great significance of the party-building theory and principles Comrade Deng Xiaoping has proposed during the new historical period. Ever since the Third Plenary Session of the 11th CPC Central Committee, there have been mistakes in the work of our party leadership (for example, the urge for immediate successes in construction and reform, and the weakness in the fight against bourgeois liberalization for a time). But speaking as a whole, our party has learned rather quickly the correct leadership of the undertakings of modernization, reform, and opening. As a result, the GNP enjoyed an annual growth rate of approximately 10 percent between 1979 and 1988, ranking top of the world during that period. The stability of social order and the universal improvement in living standards have been in one of the best periods since the PRC's founding. All this is inseparable from the correct party-building theory and principles Comrade Deng Xiaoping has proposed.

3. In the Fight Against Bourgeois Liberalization, He Has Stressed Party Leadership's Role, Which Embodies His Firmness in Defense of Mao Zedong's Doctrine on Party Building

Based on the new conditions and tasks confronting the party, Comrade Deng Xiaoping, while focusing on building the party into a staunch core, stressed the need to pay attention to the existence of class struggle within certain realms. He has continued to admonish the whole party that it is imperative to adhere to the four cardinal principles, and to fight against elements hostile to China's socialist system as well as the ideological trends of bourgeois liberalization. In his March 1979 speech entitled "Uphold the Four Cardinal Principles," delivered when a handful of people spread speeches expressing doubts or opposing the four cardinal principles under the pretext of emancipating the minds shortly after the convocation of the Third Plenary Session of the

11th CPC Central Committee with some support from individual comrades inside the party, he pointed out accordingly: To realize the four modernizations, we must keep to the socialist road, we must uphold the dictatorship of the proletariat, we must uphold the leadership of the Communist Party, and we must uphold Marxism-Leninism and Mao Zedong Thought. No party member and, needless to say, no party ideological and theoretical worker, must waver in the slightest on this basic stand. To undermine any of the four cardinal principles is to undermine the whole cause of socialism in China, the whole cause of modernization. In his May 1985 speech, entitled "Pursuing Bourgeois Liberalization Means Taking the Capitalist Road" delivered at a time when there was a comeback of the ideological trends of bourgeois liberalization between 1985 and 1986, he stated: The Third Plenary Session of the 11th CPC Central Committee decided to implement the opening policy, while requiring to halt the tendencies of bourgeois liberalization. The ideology of bourgeois liberalization exists today, not only in society but also inside the Communist Party. To pursue the four modernizations, and to implement the opening policy, we must refrain from pursuing bourgeois liberalization. The development of the ideological tendencies of liberalization will simply foul up our undertakings.

In his December 1986 speech on "Opposing Bourgeois Liberalization With a Clear-Cut Stand," Deng stated: The trouble started by students was of no consequence; however, viewing the matter's nature, that can be quite a big incident. Wherever there were troubles, invariably that was because of the infirm attitude of the leadership, and the absence of a clear-cut stand. He added that opposing bourgeois liberalization will at least continue for scores of years, while democracy can only be developed step by step. We must refrain from copying Western practices intact; otherwise, it would spell turmoil.

At the turn of spring and summer last year, turmoil and counterrevolutionary rebellion took place, which had been unprecedented in the 40 years since the PRC's founding. Our party stood an utterly severe test. Facts showed that speaking as a whole, the party organizations and party members are fine, and our party is staunch and invincible before whatever hostile forces. Serious problems inside our party, however, have been exposed. Over the years, especially when Comrade Zhao Ziyang was in charge of the Central Committee, inner-party ideological confusion had been aggravated and the party's combat strength reduced because of his tolerance and support of bourgeois liberalization. What accounted for the capabilities of hostile forces at home and overseas for starting trouble and even creating turmoil and the eventual counterrevolutionary rebellion were chiefly inner-party problems. The convocation of the Fourth Plenary Session of the 13th CPC Central Committee symbolized the party's decisive victory in this struggle that meant the party's life or death. We must earnestly learn from the experiences and lessons of that storm, to have a full

understanding of the importance of augmenting party building. From now on, party committees at all levels must be determined to do a good job of resolving the pressing problems in party building; otherwise there will be hidden dangers. Since the Fourth Plenary Session of the 13th CPC Central Committee, the Central Committee with Comrade Jiang Zemin as the core has correctly implemented the aforesaid thinking of Comrade Deng Xiaoping, taken a firm grasp of party building, and succeeded in the party's political, ideological and organizational consolidation, social stability, while new progress has been made in the socialist modernization, reform and opening under the party leadership. Linking to the complications in the development of international communism, we deeply see the extreme importance of Comrade Deng Xiaoping's repeated admonition on adhering to the four cardinal principles, and opposing bourgeois liberalization.

To sum up, Comrade Deng Xiaoping's party-building theory and principles during the new historical period are the carrying forward of Mao Zedong party-building thought. Many of their new characteristics came into being in resolving new problems surfacing in the new period, while pushing Mao Zedong doctrine on party building up to a higher plane and a new level, and becoming the theoretical basis of the party's basic line. We must earnestly study and master Mao Zedong party-building thought and Comrade Deng Xiaoping's new contributions as the party's precious wealth, and do a still better job in applying them to party-building work today and in the future.

Seminar Studies Deng Xiaoping's Theoretical Ideas

HK1012154490 Beijing RENMIN RIBAO in Chinese
3 Dec 90 p 5

[Article by staff reporter Jiang Yingguang (5592 2503 0342): "Study Theories on Socialism with Chinese Characteristics—Roundup of Seminar on Theoretical Works by Comrade Deng Xiaoping"]

[Text] A seminar on the theoretical works of Comrade Deng Xiaoping was held under the joint auspices of the editorial committee of the "Study on the Life and Ideology of Deng Xiaoping" collection, the China People's University, the theoretical departments of RENMIN RIBAO and GUANGMING RIBAO, and the Liaoning People's Publication House in Guangan County, Sichuan Province, in late October. Attending the seminar were some 50 experts and scholars from around the country and concerned, responsible comrades from the CPC Central Committee's Propaganda Department, the CPC Central Committee's Party Literature Research Center, the People's Publication House, the Sichuan Provincial CPC Committee's Propaganda Department, the Chongqing City CPC Committee's Propaganda Department, and the propaganda departments of the Nanchong Prefecture CPC Committee and all county party committees under Nanchong Prefecture. A

paper was also sent over by the responsible comrade from the Chengdu Military Region.

The seminar participants held that the theoretical works of Comrade Deng Xiaoping featured striking elements of strategy, principle, creativity, and flexibility. In addressing departmental problems Comrade Deng Xiaoping always took into account the overall situation, and in dealing with pressing issues, he always thought of the long term. In upholding the four cardinal principles, Comrade Deng Xiaoping also upheld the close integration of the popular truths of Marxism with China's concrete realities. He persisted in the strategic direction of socialist development; yet in the process of implementation and in accordance with practical needs, he also proposed guidelines and principles adapted to concrete conditions. The materialism, dialectics, and historical materialism of Marxism runs through the theoretical works of Comrade Deng Xiaoping. They form not only an important component of Mao Zedong Thought but also enrich and develop it during the new period. Under the current domestic and international environments, study of the theoretical works of Comrade Deng Xiaoping takes on a particularly important realistic meaning of far-reaching historical significance.

The participants also believed that in studying Comrade Deng Xiaoping's theoretical works, special emphasis should be given to the study of his theories and experience related to the building of socialism with Chinese characteristics. Under the new historical period, Comrade Deng Xiaoping summed up the experience and lesson in our country's socialist construction and endeavored to shift the focus of the party's work. He stressed that poverty does not equate with socialism and that the fundamental task of socialism is to develop the forces of production. In accordance with the real conditions in our country, he proposed the strategic concept of "three steps" in our country's economic development. To realize the strategic goal of these "three steps", Comrade Deng Xiaoping outlined a series of guidelines and measures on reform and opening up. Reform included reform of the economic structure, the political structure, education, science and technology, and other aspects. Opening up meant opening up to the outside world as well as to the hinterland. To realize the peaceful reunification of the motherland, Comrade Deng Xiaoping proposed the concept of "one country, two systems". He held that this concept conformed with the idea of "joint development" and could also be applied to the solution of certain problems in the relations between states. To ensure the healthy development of reforms and of opening up, Comrade Deng Xiaoping stressed the need to consistently uphold the four cardinal principles and take a clear-cut stand in opposing bourgeois liberalization. He emphasized that reforms and opening up should adhere to the socialist direction and that our country's modernization was socialist modernization. He stressed that the socialist system of public ownership should be the main feature in our country's economic system, with other economic elements serving only as

necessary supplements. He stressed that the development of a socialist economy should allow some regions and some people to prosper first on the basis of honest labor but that common prosperity should be realized and polarization avoided. The abovementioned ideas of Comrade Deng Xiaoping were founded on the basis of the following: The theory on planned commodity economy based on the public ownership system and the theory of the initial stage of socialism. They were synthesized to form a body of theories on building socialism with Chinese characteristics. This is the prominent new contribution of Comrade Deng Xiaoping to Marxism-Leninism-Mao Zedong Thought.

Comrades who spoke at the seminar held that in studying Comrade Deng Xiaoping's theories on party building, special attention should be given to the ruling position of the CPC. Consolidation of the CPC's ruling position and its leadership is the fundamental issue in the party building in the CPC. It is necessary to study Comrade Deng Xiaoping's thinking on upholding and improving the party's leadership. It is imperative to strengthen and improve the party's leadership, uphold the party's political, organizational, and ideological lines, always maintain close ties between the party and the masses, select and train successors to the cause of the socialist revolution and construction, raise the quality of cadres, correctly and effectively exercise the power in one's hands, and ensure that party and state leadership rests in the hands of people loyal to Marxism.

Comrades who addressed the seminar maintained that in studying Comrade Deng Xiaoping's theories on the building of democracy and legal system, the unique features in the prevailing classes and class struggle in our country should be correctly analyzed and understood. Following the basic completion of the socialist transformation of the system of private ownership of the means of production, the large-scale, tempestuous class struggle of the past has ended, but class struggle still exists within a certain scope. In summing up the historical experience of the past, it is imperative not to expand class struggle but also not to believe that class struggle is over. Therefore, the function of the dictatorship in socialist countries should continue to be enforced. At the same time, it is necessary to step up the building of socialist democracy and legal system in order to institutionalize and legalize democracy, give full play to the socialist initiative of the people, and ensure that our country has a social environment of stability and unity in its endeavors toward socialist modernization.

Speakers at the seminar also maintained that in studying Comrade Deng Xiaoping's theoretical works, the study of his philosophical ideas and mode of thinking should be given special attention. They held that an important feature and striking element of Comrade Deng Xiaoping's philosophical ideas and mode of thinking was his inheriting, reviving, and developing Comrade Mao Zedong's idea on seeking truth from facts. Comrade Deng Xiaoping clearly and fully expounded the party's ideological line and persisted in seeking truth from facts,

proceeding always from facts, integrating theory with practice, and insisting on practice being the sole yardstick for truth. The participants to the seminar stressed that Comrade Deng Xiaoping is a model in upholding and fostering the party's ideological line of seeking truth from facts. By relying on the mode of thinking of seeking truth from facts and always proceeding from facts, he answered and solved a series of new conditions and problems which appeared in our country during the new period. But he did not make any conclusions on his own theories, leaving us huge amounts of room to study his ideas as well as the practical problems in China. In studying Comrade Deng Xiaoping's theoretical works, we should also abide by his philosophical ideas and mode of thinking.

Participating comrades maintained that in studying and propagating Comrade Deng Xiaoping's ideas and theories, it is necessary first of all to seriously read his works and speeches and to fully and correctly understand his relevant expositions. Speakers at the seminar also stressed that in studying Comrade Deng Xiaoping's ideas and theories, it is imperative to study very well not only his speeches and works, but also the party's important decisions and literature and the speeches and works of other party and state leaders. It is also necessary to integrate them closely with reality, sum up the experiences in reform and opening up since the Third Plenary Session of the 11th CPC Central Committee, and continue writing this great article on "building socialism with Chinese characteristics".

When preparations were being made for this seminar last winter and early this spring, experts and scholars from the CPC Central Committee's Propaganda Department, CPC Central Committee's Party Literature Research Center, the China People's University, and other units formed the editorial committee on the "Study on the Life and Ideology of Deng Xiaoping" collection with Yuan Baohua, Wang Renzhi, and Wang Chonglu as advisers and Jin Yu as editor-in-chief. The plan was to publish several kinds of books in the next few years. At the seminar, the Liaoning People's Publication House presented an initial batch of four works including "Study on the Propaganda Ideology of Deng Xiaoping" by Liu Jianming and "The Philosophical Mode of Thinking of China's Second Generation Leaders" by Chen Zhiliang and others. Other works from the "Study on the Life and Ideology of Deng Xiaoping" collection to be compiled and edited by this publication house will be published subsequently.

Theses presented by seminar participants on the study of Comrade Deng Xiaoping's ideas and theories will be published by the People's Publication House.

Li Peng Hails Jilin Gas Well Discovery

*OW0912144390 Beijing XINHUA in English
1207 GMT 9 Dec 90*

[Text] Beijing, December 9 (XINHUA)—Chinese Premier Li Peng congratulated geological workers for their discovery of a high-yield natural gas well in Jilin Province, northeast China.

The well, capable of producing 700,000 cubic meters of natural gas (700 tons of crude oil) a day, was discovered 80 kilometers from Changchun, the capital of Jilin province.

Premier Li hopes geologists continue to work hard to verify the reserves as soon as possible and to make a greater contribution to the development of the Jilin oil field.

Li Peng Writes Inscription for Examination System

SK1012014290 Beijing BEIJING RIBAO in Chinese
31 Oct 90 p 1

[By reporter Mao Jing (3029 0079): "Our Municipality's College Equivalency Examination for People Engaged in Independent Study Has Been Established for 10 Years, and Has Yielded Splendid Results"]

[Text] People who attended a meeting on 30 October in celebration of the 10th anniversary of Beijing's establishment of the system of college equivalency examination for people engaged in independent study held that the new educational system provided a way for the great number of people engaged in independent study to become useful, and selected a great number of trained personnel for the modernization drive of the capital.

Comrade Li Peng wrote an inscription to mark the 10th anniversary of the examination system: "The college equivalency examination for people engaged in independent study has been successful as a system for examining academic attainments to encourage people to become useful through independent study. We should fully affirm it. Establishment of this system is not an expedient measure, and the system should persist on a long-term basis."

Many people who passed the examination attended the meeting. Some of them were winners of the 1 May labor award and the Communist Youth League 4 May award, and others have become plant directors, college teachers, district party committee secretaries, and district heads. Since 1980 when our municipality took the lead in the country to practice the system, more than 360,000 people have passed the examinations in certain subjects to win certificates of quality, more than 16,000 people have won diplomas for completing specialized college courses, and more than 200 people have won diplomas for completing regular college course.

Xu Weicheng, Wang Jialiu, Lu Yucheng, Guan Shixiong and other leading comrades attended the meeting to extend congratulations. They praised the examination as a brand-new educational system with Chinese characteristics emerging in the educational reform, and urged efforts to promote the system in line with the principle of making the examination open and flexible to meet the people's needs in sparetime study, maintain the strictness of the examination, manage it in a scientific

manner, hold examinations according to needs, and rely on the experts and professors of regular universities to strictly check the quality.

A building for holding the examination built with the investment of the municipal government was also inaugurated on 30 October. The 60,000-square-meter building consists of examination halls, rooms for making examination papers, reading rooms and computer processing rooms. The general office of the municipal committee for the college equivalency examination for people engaged in independent study held in the building an "exhibition on achievements in the 10-year system of college equivalency examination for people engaged in independent study."

Li Peng Signs State Council Decree No 66

OW1012115190 Beijing XINHUA Domestic Service
in Chinese 0225 GMT 10 Dec 90

[Text] Beijing, 10 Dec (XINHUA)—Decree No. 66 of the State Council of the People's Republic of China:

The "Administrative Regulations for Enterprises Engaged in Labor Employment Services" are hereby promulgated; the regulations come into force upon promulgation.

[Signed] Premier Li Peng
[Dated] 22 November 1990

State Gives New Employment Agencies Tax Break

OW1012115590 Beijing XINHUA Domestic Service
in Chinese 0224 GMT 10 Dec 90

[Text] Beijing, 10 Dec (XINHUA)—The State Council recently promulgated the "Administrative Regulations for Enterprises Engaged in Labor Employment Services" which are the first administrative regulations governing labor employment service enterprises.

The regulations ascertain the state policy of supporting enterprises engaged in labor employment services by encouraging all aspects of society to support various enterprises engaged in labor employment services. Newly established enterprises engaged in labor employment services will be exempt from income taxes for 2 to 3 years.

Reportage on 'December 9th' Movement Anniversary

Students Visit Veterans

OW1012212690 Beijing XINHUA Domestic Service
in Chinese 1440 GMT 7 Dec 90

[Text] Beijing, 7 Dec (XINHUA)—On the eve of the 55th anniversary of the "December 9th" movement, the All-China Students' Federation organized student representatives of some colleges and universities in the capital to separately call on veteran Comrades Duan Junyi,

Yuan Baohua, Liu Daosheng, and others who participated in the "December 9th" movement back in 1935. Listening to the history of the "December 9th" movement as told by the veteran comrades and their ardent expectations of the young students of our times served to clarify for them the heavy responsibilities imposed upon their shoulders by history and strengthened their confidence in socialist modernization under the party's leadership.

Duan Junyi, Standing Committee member of the Central Advisory Commission, gladly received the student representatives in his office. He recalled the history of the "December 9th" movement, carried out by patriotic young students under the leadership of the CPC, when a national crisis had deteriorated further under Japanese imperialist aggression against northern China and the high tide occasioned by the movement to resist that aggression and save China from subjugation; expounded on the process of decades of socialist construction; and analyzed the current international and domestic situations. Duan Junyi pointed out that the socialist road is an historical choice taken by the Chinese people and is a guarantee for the Chinese nation to move toward prosperity. He exhorted young students to guard against the plot hatched by capitalism to bring about peaceful evolution and to conscientiously uphold political, economic, and social stability. He said that socialist construction cannot be accomplished stupidly but that we must rely on scientific and cultural knowledge to carry out the modernizations. Duan Junyi gave sincere and earnest advice to the young students in his office: The vast numbers of young students must be patriotic and determined to dedicate themselves to the service of the country. The 21st century belongs to you. You have a good opportunity. There is ample scope for a hero to turn his abilities to good use.

Yuan Baohua, member of the Central Advisory Commission, told the student representatives: The main reason the "December 9th" movement succeeded was the persistence of the party's leadership. It is an important experience as borne out by the practices of socialist revolution and construction. He urged the younger generation to carry forward the excellent tradition and work style of the "December 9th" movement, keep up the spirit of patriotism, persist in rebuilding our own country through self-reliance, maintain the spirit of plain living and hard struggle, adhere to the policy of carrying out reform and opening to the outside world, learn from the advanced science and technology of foreign countries as well as their management experiences, unite as one, work in full cooperation and with unity of purpose to make our country strong, and make contributions to carrying out socialist modernization.

Liu Daosheng, member of the National Committee of the Chinese People's Political Consultative Conference, cited his own experiences in revolutionary work to explain that only by integrating themselves with workers and peasants can intellectuals accomplish something and make greater contributions to society. He pointed out

with emphasis that it is necessary for young students to cherish the spirit of dedication, display the Yanan spirit of seeking truth from facts as well as plain living and hard struggle, and take a resolute step forward on the road of integrating themselves with workers and peasants to become qualified personnel that are truly useful for socialist modernization.

Beijing Students' Mood Noted

HK1012095890 Hong Kong WEN WEI PO in Chinese
10 Dec 90 p 1

["Newsletter From Beijing," by reporter Chen Chien-ping (7115 1696 1627): "Visiting Universities and Colleges in Beijing on the Anniversary of the 'December 9th' Movement"]

[Text] Beijing, 9 December—Today is the anniversary of the "December 9th Movement," a traditional day to commemorate the Chinese student movement. This reporter has just paid visits to several major universities and colleges in Beijing only to find that the campuses are calm and quiet. Bicycles are packed in front of libraries. When night falls, many universities and colleges hold parties and balls with large numbers of participants.

College Students Are Industrious in Their Studies

"Is it? Is today 'December 9th'?" I would have forgotten it if you had not reminded me." This was the answer to questions asking what they thought on this day during interviews with several students strolling on the campus. This reporter has the impression that they have now concentrated more attention on the future, following their graduation. Therefore, the graduating students from various universities and colleges are busy preparing their graduation papers, concern themselves with the distribution plan, and inquire about various future opportunities.

According to officials in some universities and colleges in charge of the ideological work of students, the overwhelming majority of students in universities and colleges in Beijing have, on the whole, basically shaken off the effect of last year's "disturbance" on their sentiments and behavior and have entered a normal state of study and life with stable ideological sentiments. They gave some examples to support this appraisal: First, students' enthusiasm for study has been evidently raised. The rate of students' timely return from this term's vacation was better than that of last year, while the rate of timely return in some universities and colleges in Beijing reached 99 percent. Moreover, the teaching order has taken a turn for the better with less phenomena such as being late for class, leaving class early, and cutting classes. These officials consider that the reason for the rise in students' enthusiasm for study is that, with the lapse of time, the effect of last year's "disturbance" on students has been gradually diluted. On the other hand, students are paying more and more attention to their future, knowing that they should rely on real ability and

their own learning whether they want to go abroad, become graduate students, or find themselves good jobs.

Extreme Sentiments Have Been Gradually Alleviated

Second, both the extreme and passive sentiments of students have been alleviated. They say that now students are more objective in analyzing problems. For instance, in the past, when analyzing some social phenomena, students tended to discover reasons related to the social system and its leaders in a one-sided way. Now, they can analyze effects on social development in an objective way, such as natural conditions, current state of communications, and the utilization level of science and technology. In another example, also upon objective analysis, they have adopted favorable attitudes toward the country's current policies and measures on some international and domestic issues. They quoted some students as commenting on national affairs: "Although some cadres go deep down to grass-root units as a mere formality, they do go down. This is better than not going down at all." This view by students represents a change from their past attitude of negating everything.

After talking with these officials in charge of the ideological work of college students, this reporter also sensed that they still felt anxious about how to continue to do a good job in stabilizing the ideological sentiments of students. They hold that the stability of the ideological sentiments of students is attributable, to a large extent, to the change in social environment. In particular, the successful hosting of the Asian Games, students' social practice during vacations, and the Gulf incident, have all served to divert the attention of students from the domestic economic situation and the current situation in Eastern Europe. The current economic situation, which is faced, however, with many problems and difficulties, remains a fundamental issue which perplexes students.

Still at Low Ebb

On the other hand, some officials feel that amid the current stability of students, some phenomena have emerged whereby students have become estranged from and show indifference to politics. This is not good because: First, these students do not say what they really think in their hearts, making it impossible for the officials to give them guidance because they do not know what the students are really thinking; second, some students are indifferent to the future of the country, totally taking the road of self-profit. Judging from this, although it can be said that it has taken a favorable turn, the current ideological sentiments of students still remain at a low ebb. Only with coordination from various sides can a good job be done in the work of consolidating the current results.

Democracy Association Congress Plenum Closes

OW 1012160990 Beijing XINHUA in English
1459 GMT 10 Dec 90

[Text] Beijing, December 10 (XINHUA)—The Third Plenary Session of the Eighth Party Congress of the

China Association for Promoting Democracy (CAPD)—one of the eight non-communist parties in China—closed today in Beijing.

The six-day session examined and approved the work report delivered by Lei Jieqiong, chairwoman of the CAPD Central Committee, drafted a development program for the next two years, and decided to change the date for the seventh national party congress.

Lei Jieqiong, in her work report, said that her party will arrange its work around the tasks set for China's Eighth Five-Year Plan which begins next year, and will play a positive role in all areas of the socialist modernization drive.

A resolution adopted at today's closing session urged all party members and organizations at all levels to accept the leadership of the Communist Party of China, safeguard the political situation of stability and unity, and to make new contributions to perfecting the socialist legal system and realizing the reunification of China.

All-China Women's Federation Meeting Opens

Greater Development Urged

OW0712191390 Beijing XINHUA in English
1550 GMT 7 Dec 90

[Text] Beijing, December 7 (XINHUA)—The All-China Women's Federation today called on women organizations across the country to mobilize all women to make greater contributions to China's development during the Eighth Five-Year Plan period (1991-1995).

The call was made at a meeting of the federation's executive committee which opened here today.

To enhance the quality of women, the federation will mobilize three million women to take part in an anti-illiteracy campaign each year starting 1991. In addition, the organization will take measures to standardize the education and training of rural women, as well as the system to assess their technical proficiency.

The federation also urged rural women to master new agro-techniques as they develop. It will organize more than 10 million rural women each year to study and master over one kind of practical agro-technique. Now there are over 80 million rural women who have a working understanding of the training concerned with practical agro-technology. Some of them have become the backbone of the scientific and technological contingents in the rural areas.

At the same time, urban women, including government employees, intellectuals and industrial workers, were urged to excel in their own work in order to make more contributions to the nation.

At present, China has 15,870 women committees at or above the county level, and 2,525 women clubs. These organizations are playing important roles in promoting the protection of women.

It was announced today that beginning in 1992, China will commend 100 outstanding women and 30 advanced leading groups in the urban areas, along with their counterparts from the rural areas, on international women's day each year.

New Vice Chairmen Elected

*OW1012181090 Beijing XINHUA in English
1632 GMT 10 Dec 90*

[Text] Beijing, December 10 (XINHUA)—Zhao Di and Yang Yanyin were elected vice-chairmen of the All-China Women's Federation at an executive committee meeting here today.

Zhao Di was deputy secretary of the Henan Provincial Committee of the Chinese Communist Party, and Yang Yanyin was head of the Shandong Provincial Women's Federation.

Reform Improves Public Health Undertakings

*OW0612180490 Beijing XINHUA in English
1614 GMT 6 Dec 90*

[Text] Beijing, December 6 (XINHUA)—China intensified the capacity of its public health departments at all levels during the Seventh Five-Year Plan period (1986-90) by deepening the reform in the field.

The state, collectives and individuals have contributed to the development of public health.

According to the State Statistics Bureau, by the end of 1989 medical personnel practicing on their own totalled 164,000—an increase of 40.6 percent compared with 1985.

In addition, 754,000 doctors and health care personnel working in the rural areas had passed examinations administered by county authorities and received qualification certifications, an increase of 110,000 over 1985.

Also, during the period, China initiated health insurance, children's planned immunization insurance, safety insurance for mother and infant, and prevention and health care contracts.

Eighty percent of the rural children in Hebei and Henan Provinces took part in planned immunization insurance, thereby increasing the immunization rate for target diseases which strike children.

At the same time, various responsibility systems have been introduced to hospitals at all levels, improving the use rate of hospital beds, quality of treatment and outpatient services provided by specialists.

Funds to develop public health have been collected from all sectors, including local governments, township enterprises and communities. Between 1986 and 1989, a total of 8.67 billion yuan thus collected was spent on projects to improving drinking water for rural residents.

Public health departments in the country also adopted a set of reform measures during the period aimed at promoting the training of rural medical personnel, speeding public health legislation and developing international co-operation and contacts.

Article Urges Preserving Worthwhile Traditions

*HK1012141990 Beijing RENMIN RIBAO in Chinese
30 Nov 90 p 5*

[Article by Shao Bo (6730 2672): "What Is No Longer Around Is Thought To Be Precious"]

[Text] In 1830, Goethe mentioned the French literary revolution in a conversation with Aikeman [1947 0344 2581]. He pointed out: During this literary revolution, what was required in the beginning was only a comparatively free form but subsequently the traditional contents and form were all discarded. Therefore, the expression of the fine and the lofty was given the cold shoulder and the depiction of the wicked and the vicious came into vogue. Goethe likened this literary era to an "illness with a high fever" and clearly and definitely negated it. On the other hand, he said firmly: "The truly pure and lofty things that are discarded temporarily now will be pursued enthusiastically by the spectators in the future." ("Quotations from Goethe" pp 207-208)

Although what is stated here was a literary phenomenon one and a half centuries ago, the dialectical factor revealed in Goethe's thought can still impart enlightenment to later generations in terms of the theory of knowledge.

The pure and lofty things are often pursued by the people more enthusiastically after they have been discarded. It is just like what is shown by the experience of many people: "What is no longer around is thought to be precious." A reason is implied here: People often can know the significance and value of the fine things more deeply only after comparison. For example, it goes without saying that eyes are important but people may not necessarily take great care to protect their eyesight. The blind people who have lost their eyesight will deeply know that the eyes are really very precious because they have personal experience in the strong contrast between brightness and darkness. A similar situation also exists in the ideological, moral, and cultural aspects. A large amount of the true, the good, and the beautiful in life should be treasured but people are accustomed to them and take no notice of them. "People do not admire fragrances after being in a room full of fragrant orchids for a long time." Once these good things are no longer around, people immediately feel their real preciousness and are aroused to a more enthusiastic pursuit of them.

This is the dialectics of life itself and also reflects the dialectics of the development of understanding.

It is the general trend of historical development that society heads for progress in civilization, but the specific course is tortuous. Due to given conditions and reasons, things that have positive significance and value are treated coldly for a moment and are even blasphemed. This is a manifestation of its tortuous nature. This must be paid for and will bring about losses and produce negative effects on society; it will lead to bitter results that will alert people and make them draw a lesson from a bitter experience so that they will doubly treasure and safeguard the things that should not originally have been discarded. Let us leave aside, for the moment, the things that occurred long ago. While the trend of bourgeois liberalization thought was running rampant several years ago, some people had an "illness with a high fever" and "Lei Feng spirit" was described as "loss of subjectivity" and "hard struggle" as an "outworn concept." Meanwhile, the idea of me first and the desire for material goods were the values chosen by some people and seriously contaminated the general mood of society. Having learned through their personal bitter experience, more and more people have come to understand that such confusion and even reversal of right and wrong and of the beautiful and the ugly basically deviate from the socialist principle and run counter to the masses' desires and interests. It is because of this that the spiritual "precious deposits" once treated coldly in society are treated increasingly warmly and unusually enthusiastically. The eight glittering names—Lei Feng, Jiao Yulu, Daqing, and Good Eighth Company—are heard again on the vast Divine Land. This shows that the good things that truly conform to social progress and the masses' interests will, after all, take root again on the fertile soil of the people's life and grow up into a dense forest and beautiful flowers through a tortuous road, though likely to be discarded temporarily. In the socialist system under the leadership of the Communist Party, things are especially so.

There was a view that an emphasis on traditions is generally described as "nostalgia for the past" and reform is incompatible with traditions. Such a viewpoint needs clarification. Traditions are a collective name, the contents and forms of traditions must be analyzed dialectically, and one must not "throw the baby out with the bath water." It is the original meaning of "nostalgia for the past" that the traditional backward and outmoded things are recalled with nostalgia and ideology cannot keep pace with the times. No doubt, we must oppose this. Treasuring the traditional progressive things with vitality not only should not be ridiculed as "nostalgia for the past" but should be initiated and praised. Of course, dialectics contains both affirmative and negative understanding of things. That is to say that good traditions do not remain unchanged but keep on blazing new trails and developing in conjunction with changing realities. When we embark on reform, we are, in a sense, devoted to the correct integration of history and realities according to the objective law of social development and reform the old and create the new in the course of carrying forward the cause and forging ahead into the future. It is historical nihilism when traditions, regardless of the good and the bad, are totally negated in an attempt to go in for the so-called "blazing new trails" and "reform" on an expanse of wild land. It and Marxism have nothing in common at all and pursuing it is extremely harmful.

Goethe was not a Marxist and could not have thorough dialectical thought. But he could deeply think over the results of civilization accumulated by mankind in a sort of dialectical way and distinctly affirm the outstanding literary traditions since the period of the Renaissance. He could draw a clear demarcation line between them and the trend of literary thought of "ultraromanticism," namely decadentismo, which came into vogue at the earlier stage of the 19th century and which totally negated traditions. This was where Goethe was great. Does it not set people thinking in carefully considering such historical data of the history of European literature?!

Military

Air Defense Construction Meeting Opens in Tianjin

SK0712090490 *Tianjin City Service in Mandarin*
2300 GMT 6 Dec 90

[Text] A meeting for north China areas to exchange experiences in the combination of civil air defense construction with urban construction opened in our municipality on 6 December. Major tasks of the meeting are to introduce the experiences in the combination of civil air defense construction with urban construction gained in the Seventh Five-Year Plan period, to study and probe into the policies and measures for north China areas to develop civil air defense construction in the future, and to make arrangements for current work so as to raise north China's work to combine civil air defense construction with urban construction to a new level.

Attending the opening ceremony were Lieutenant General Wang Chengbin, commander of the Beijing Military Region; Lieutenant General Zou Yuqi, deputy commander of the Beijing Military Region; Major General (Kui Fulin), director of the State Civil Air Defense Office; and leading persons of the General Staff Department, Ministry of Construction, organs of the Beijing Military Region, and governments and military departments of the five provinces and municipalities of north China. Also attending were party, government and Army leaders of Tianjin Municipality, including Nie Bichu, Yang Zhihua and Li Zhendong.

On behalf of the municipal party committee and government, Municipal Mayor Nie Bichu extended heartfelt welcome to [words indistinct]. At the 6 December session, Beijing, Tianjin, [words indistinct] introduced their experiences.

Henan's Hou Zongbin Sees Army Opera Troupe

HK0612123490 *Zhengzhou Henan Provincial Service in Mandarin* 2300 GMT 3 Dec 90

[Excerpts] In the Henan People's Auditorium yesterday evening, the Opera Troupe of the People's Liberation Army [PLA] General Political Department staged its first performance since its arrival in Henan as an expression of appreciation.

More than 3,000 people, including provincial party, government, and military leaders, leaders of the troops stationed in Zhengzhou, and leaders of the Zhengzhou-based military academies, such as Hou Zongbin, Li Changchun, (Wu Jichuan), (Li Ming), (Zhu Chao), Guo Peijun, (He Junxi), (Zhang Sijin), (Gao Yuanke), (Wang Liang), (Qi Liyong), (Xiong Jie), (Wang Guiyuan), and others, as well as people of all walks of life in the provincial capital, officers and soldiers, and armed police forces stationed in Zhengzhou, watched the performance. [passage omitted]

When it was finished, Hou Zongbin, Li Changchun, (Wu Jichuan), (Zhu Chao), and other leading comrades went

up to the stage, cordially shook hands with the actors and actresses, and extended congratulations and appreciation for their successful performance, and had a group photo taken with them.

The Opera Troupe of the PLA General Political Department will go to various prefectures and cities of our province to stage special performances as an expression of appreciation to the local governments and the locally stationed troops.

Technology of Guided Missile Systems Enhanced

OW0712082190 *Beijing Domestic Service in Mandarin* 2230 GMT 6 Dec 90

[From the "News and Press Review" program]

[Text] This reporter has learned from the Second Artillery that the technological guarantee system which signifies the complete formation of combat power of our country's strategic guided missile units has been established. In order to transform the operation and management of guided missile weapons from a system based on experience to one based on science, units at various levels of the Second Artillery, through eight years of hard efforts, have formed multilevel technological entities [shi ti] with the chief engineer as the core. As a result, the storage, management and operation of guided missile weapons have been integrated in an organic manner [you ji] with technological work, which effectively runs throughout the entire guided missile weapons system, including management and operation. It has been tested in some 100 major technological operations and nearly 30 actual firing practices.

Economic & Agricultural

Wang Bingqian Views Continuation of Austerity

HK1112132990 *Beijing RENMIN RIBAO in Chinese* 7 Dec 90 p 1

[Report by Yan Jianjun (7346 1696 6511): "Wang Bingqian Puts Forth Main Principles for Revenue, Expenditure Plan for 1991 at National Financial Work Conference"]

[Text] Beijing, 4 Dec (RENMIN RIBAO)—The national financial work conference opened today in Beijing. At the conference, State Councillor and Minister of Finance Wang Bingqian put forward the main principles for next year's revenue and expenditure plan of the state: Tapping the potentialities of enterprises, improving economic efficiency, opening up financial sources, and ensuring a steady growth of revenue; continuing to pursue the austerity program and restructuring expenditure; reducing financial burden while carrying out pricing reform; maintaining overall balance and controlling deficit.

Wang Bingqian said: The state budgetary plan for this year has not been executed in the most ideal manner due

to a variety of factors, such as the sluggish market and the financial strains of enterprises. The poor economic efficiency is an important factor that accounts for the stunted growth of revenue and financial difficulties. Therefore, financial departments must devote more energy to restructuring the economy and raising economic efficiency next year.

—Make energetic efforts to tighten enterprise management. Next year is the "year of quality, variety, and efficiency," which requires that the budgetary depletion of material in state-run enterprises be reduced by two to three percent compared with this year. Workshop expenses, enterprise management expenses, and commodity circulation expenses of industrial, transportation, and commercial enterprises, with the expense of wages, interests, and depreciation factored in, must be lowered by five percent compared with this year. Operational losses in industrial and commercial enterprises must be lowered 50 percent; losses incurred through policy-making must also be rigorously controlled under the preset limits. Enterprises where wages are linked to efficiency should follow closely the relevant regulations of the state: If there is no improvement in efficiency, efficiency-related payment cannot be increased; if efficiency has dropped, efficiency-related payment should be reduced accordingly.

—Open up financial sources and increase tax revenue. Next year, we should do a good job in collecting industrial, commercial, and agricultural taxes. We should continue the effort in sorting out defaults of tax and profit payments by enterprises, settling the old and striving to avoid new defaults. We should rigorously control tax relief, preventing ultra vires grants of tax relief, and further the effort in tax collection from individual and private economic establishments, collecting all that should be collected.

—Continue to pursue the austerity program. The budget for next year's expenditure should embody the spirit of austerity, but flexibility should be seen in such austerity and some projects are to be fostered while others disapproved. In light of the requirements for maintaining social and political stability and promoting economic development and according to the industrial policy of the state, the expenditures for all items will basically remain the same as this year, except that investments in major construction projects, agriculture, national defense, and educational and scientific undertakings will be expanded and the debt service by the state will be guaranteed. Some projects will have to shrink. It is necessary to continue to control the purchasing power of social groups.

—Deepen financial and taxation reform. The Ministry of Finance will select some provinces and municipalities where experiments on separation of tax and profit payments and contractual system of tax distribution will be conducted.

Wang Bingqian said: The economic situation will continue to improve next year, but the state will still be faced with many contradictions in finance. We should remain sober-minded, be innovative and enterprising, overcome difficulties, make steadfast, painstaking efforts, increase income and decrease expenditure, and strive to accomplish the budgetary targets of revenue and expenditure for next year.

Economist Zhao Xiaodi Discusses Market Mechanism

HK0812051090 Beijing CHINA DAILY in English
8 Dec 90 p 4

[By Zhao Xiaodi, Economist with the China Council for the Promotion of International Trade]

[Text] The market mechanism has exerted its magic on the Chinese economy since the initiation of economic reform in 1978.

Businessmen from government-owned enterprises have held "the invisible hand"—the market, since being divorced from the overly-centralized planned economy.

Ironically, the wounds which overly-centralized government planning left on the economy have spurred the growth of the market economy.

As the cornerstone of the country's market mechanism, the commodity market has sprung up during the last decade.

Consumer goods have followed market forces instead of government planning. Chinese housewives are free to choose their favourites on the store shelves.

Meanwhile, independent retailers in the country applaud the termination of the State monopoly on the purchasing and marketing of consumer goods.

It is estimated that the number of independent retailers across the country climbed to 8.41 million in 1989 from 1.05 million in 1978.

Chinese free markets have closely followed retailers. Their number leaped to 72,130 in 1989 from 40,809 in 1980.

Statistics show that the 1989 turnover on the free markets stood at more than 197.4 billion yuan (\$37.9 billion), accounting for 24.4 percent of the country's total retail sales of over 810 billion yuan (\$156 billion).

Witnessing the free markets' flourishing in the country, the authorities have opened the door for raw industrial materials to follow a market economy during economic reform.

Inevitably, the view that raw industrial materials are not commodities has been knocked on the head.

Government-owned businesses urge their salesmen to send their materials outside of the state plan to the national market.

Sometimes, even the materials allocated by the government find their way into the market.

Accordingly, the markets for industrial materials such as the metal materials market and the timber market have cropped up all over the country.

It is clear that funds are the lifeline of the national economy, and the country should enhance the efficiency of funds.

Establishing a money market could add new channels for raising funds. As a result, the circulation of capital in the country would be accelerated.

The establishment of the first securities market in the city of Shenyang, the capital of Liaoning Province, in August 1986 paved the way for the growth of its counterparts in Shanghai, Xian, Shenzhen, and other cities.

By the end of 1989, the floated negotiable notes totalled 145 billion yuan (\$27.9 billion).

The volume of business on the Chinese securities market in the first six months of this year jumped to more than 4.3 billion yuan (\$8,260 million), registering a 310 percent rise over the same period last year.

It is estimated that the total volume of business will peak at about 7 billion yuan (\$1.35 billion) this year.

As the main body of the financial market system, the country's interbank market has fluctuated dramatically in recent years.

The turnover on the country's inter-bank market swelled to 520 billion yuan (\$100 billion) in 1988 from 30 billion yuan (\$5.77 billion) in 1986, but unfortunately, it dropped to 290 billion yuan (\$55.8 billion) in 1989.

Economists surmised that the weakness of the 1989 inter-bank market was a product of the tight market was a product of the tight credit policy launched in 1988, but that the recession would be transient.

They predicted that the interbank market would pick up quickly.

As an ingredient of the country's financial system, the 11-year-old insurance industry was enjoyed especially great progress in recent years. Statistics reveal that insurance premiums sprang to 12.3 billion yuan (\$2.37 billion).

Compared with the insurance industry, the Chinese international exchange markets are much younger. The first international exchange market was established in the Shenzhen Special Economic Zone in Guangdong Province in 1985.

The volume of business on the country's international exchange market reached \$8.6 billion in 1989, rising 36.8 percent from 1988.

The government has implemented labour system reform since 1986. Consequently, service markets have mushroomed and more than 8,000 service markets had appeared across the country by 1988. This has allowed skilled workers to choose their jobs and lets managers fire incompetent employees. Keeping in step with the service markets, over 1,000 centres for employment information have been set up.

During economic reform, government-owned real estate shouldered its way on to the national market.

Under the rule of separation of property and use, coastal cities have pioneered the renting of government-owned land.

At present, not only domestic, but also foreign investors can lease land for commercial purposes.

The volume of business on the real estate market reached 5 billion yuan (\$961.5 million) in 1989. Chinese market-oriented housing reform is also gaining ground. The government sold houses worth 10 billion yuan (\$1.92 billion) to individuals in 1989.

Economists have prophesied that the fledgling real estate market will grow rapidly in the years to come.

Since the government triggered the reform of the science and technology research base in 1985, the national technology market has expanded, and the application of new technology has been increased.

The technology trade volume swelled to 8 billion yuan (\$1.54 billion) in 1989 from 50 million yuan (\$9.6 million) in 1983. Some technology has entered the international market.

The Chinese information market has also kept pace with the technology market, and the national information industry has flourished during the economic reforms.

Commentator Urges Smooth Commodity Circulation

*HK0712145490 Beijing RENMIN RIBAO in Chinese
30 Nov 90 p 1*

[Commentator's article: "Remove Barriers, Ensure a Smooth Circulation of Commodities"]

[Text] Recently, the State Council issued a circular on removing regional barriers to further enliven commodities circulation. This circular is of great importance to promoting economic development and deepening reforms.

Commodity production and exchange should both be promoted in the vast market. This is common knowledge. Just as the saying goes: Do not worry about not knowing much about the goods, just compare and you will see which is better. A specific kind of commodity is produced in various areas and various factories. Only those with high quality, low price, beautiful packaging, and good service can sell well in the vast market. It is this

kind of market competition on an equal basis that promotes the technological and economic progress in enterprises and society. Blocking the market by means of administrative orders and measures may have some advantages for the moment. But judging from a long-term point of view, it can only protect backwardness and obstruct local economic development.

Recently, the phenomenon of regional market blockade has developed to a certain extent. Many areas have set up barriers along their regional boundaries to obstruct the normal circulation of commodities. Some areas have even raised the standards for inspecting the commodities from other areas under all sorts of names, such as checking false and inferior commodities, trying to prevent the entry of those commodities. In other areas, the banks restrict loans or increase loan interest to enterprises selling commodities produced in other areas, and the price department has intentionally reduced or increased the differences between wholesale and retail prices and the differences between purchase and marketing prices of the commodities produced in other areas. Other areas have even increased the taxes levied on enterprises dealing in commodities produced in other areas and demanded them to sell local commodities while selling those from other areas. All these practices have damaged the market's normal operation. As a result, a situation that "there are no commodities from other areas on sale, while locally produced commodities are unmarketable" has appeared, which not only harms the consumers' interests but also obstructs economic development. This is also harmful to the current economic improvement and rectification; the in-depth reforms; and the implementation of the policy of ensuring the national economy's sustained, steady, and harmonious development. The consumers demand more brandname, superior, special, and new products and more varieties to choose from. This is a normal phenomenon in the commodity economy. In reality, the circulation of commodities cannot be blocked. If anyone really wants to impose a regional blockade on this circulation, the people will only be forced to adopt a countermeasure and let their "purchase power flow to other areas." Once a certain province prohibited the selling of color television sets produced in other areas. The consumers transported, however, about 60-70 color television sets to the provincial capital by airplane every day. On the contrary, some areas had opened their doors wide and their markets were brisk. Some 15 cities and prefectures in the juncture area of Shanxi, Hebei, Shandong, and Hebei organized a "common market" and, through their joint efforts in marketing, their total trade volume reached 1.5 billion yuan. This shows that the practice of substituting the administrative regional boundaries for economic regional boundaries and restricting commodity circulation by administrative means is entirely wrong.

Regional market blockade is harmful to the socialized grand production demanded by the commodity economy, because it severs the state's unified market. It also results in the serious waste of natural resources and

obstructs the optimization of major production elements. It protects backward enterprises, making economic returns slide, runs counter to the will of consumers, and violates their rights. It also runs counter to the purpose of socialist production.

When organizing and leading the commodity economy in a planned way, all localities and departments must make great efforts to readjust the industrial structure and product mix. They must work hard to increase the management level of enterprises; strengthen their ability to meet an emergency, reduce costs, and improve the quality of their products; and improve the workers' political, cultural, and technological quality. They must act in accordance with the State Council's circular and, in accordance with the relevant state policies and regulations, allow the enterprises and various departments to sell their own products, select the commodities they need, and remove all barriers which obstruct the normal circulation of commodities and block the market.

To sum up, removing barriers and ensuring a smooth circulation of commodities is a positive policy, a policy for promoting the market and developing economy, and a policy for deepening reforms. All localities must gain a profound and overall understanding of this and effectively implement this policy.

Commentator on Running Integrated Enterprises

HK0812071790 Beijing RENMIN RIBAO in Chinese
2 Dec 90 p 2

[Commentator's Article: "Continue To Do a Good Job in Running Enterprises That Integrate Agriculture, Industry, and Commerce"]

[Text] Running agricultural-industrial-commercial integrated enterprises and integrating agriculture, industry, and commerce as well as production, supply, and marketing is an important aspect of reform in the reclamation system [nong ken xi tong 6593 1083 4762 4827]. Practice in the last 10 years showed that the reform in this respect was very successful. Now, an important task for the reclamation system is to firmly advance along this road and strive to make more brilliant achievements in the next 10 years.

The success of the agricultural-industrial-commercial integration lies in the points that the state farms which were merely engaged in reclamation and farming production in the past have now been brought into a new domain of modern commodity production, that the spirit of hard struggle is organically combined with modern commodity production, and that production and circulation are integrated. This has created unprecedented broad room for major economic development in the reclamation system. In the last 10 years since the founding of the agricultural-industrial-commercial integrated enterprises, internal and external economic combination has been effected in the reclamation system; commercial networks and points have extended from the countryside to cities; the quantity of commodities has

increased substantially; and prototypes of an industrial system mainly processing arable and livestock farming products, some export bases with the export-oriented enterprises as the backbone force, and a commercial information network centered at the trade institutions of the reclamation system in various localities have appeared. From 1980 to the present, the reclamation system continued to make profits in 10 consecutive years, and the total amount of profits and taxes exceeded 17 billion yuan. During this period, the output of such major farm products as food grain, cotton, cooking oil, meat, and milk increased by big margins, and some commodities enjoyed a substantial share of the local markets. For example, in Beijing Municipality, the agricultural-industrial-commercial enterprises supplied 600 million to 700 million kilograms of milk each year, and their milk supply accounted for over 90 percent of the total quantity consumed in the city. Facts have proved that the agricultural-industrial-commercial enterprises have grown into a major force for ensuring supply and stabilizing the economic life in many localities.

An important reason why they could bring vigor and dynamism to the economy of the reclamation system was that the market mechanisms were introduced to the reclamation enterprises, and the state farms were thus converted to relatively independent producers and commodity handlers, which developed production according to both the state plans and the market demand or social needs. The closed door was thus opened, and they greatly strengthened relations with the external communities. Elementary resources could thus be processed into more sophisticated products; labor resources could be brought into better use; and the labor productivity and the economic results were also raised substantially.

Effecting the organic combination of the planned economy with market regulation was an important point in the successful experience of the agricultural-industrial-commercial enterprises in the last 10 years. In the last decade, the reclamation system never forgot its mission and always consciously subjected itself to the arrangement and guidance of the state plans. Under the premise of guaranteeing the fulfillment of the state plans, it actively broadened its market and sought development in light of the needs in society. This rather soundly typified the principle of combining planning with market, and ensured its sustained and stable development without undergoing violent ups and downs. Another important point in its successful experience was the combination of the spirit of hard struggle with commodity production. In the last decade, in the course of developing the commodity economy, the agricultural-industrial-commercial enterprises have always maintained the tradition of hard struggle that the state farms kept for many years, and have carried forward this spirit. The spirit of hard struggle expanded the fruitful results of commodity production; and commodity production in turn also added new contents with contemporary characteristics to the spirit of hard struggle. This successful experience is of universal significance.

Since the agricultural-industrial-commercial enterprises are worth being fully affirmed, we must further help them and support their development. For various reasons, the agricultural-industrial-commercial enterprises still face many difficulties in their production and commercial business. All departments concerned should understand them and give all possible assistance to them. The agricultural-industrial-commercial enterprises should also continuously summarize their work experience; perfect their management mechanisms; enhance their quality; better coordinate the relationship between agriculture, industry, and commerce; improve the management contract responsibility systems in various fields; and strive to make greater achievements.

Experts Urge End to Regional Protectionism

HK1012040690 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 10 Dec 90 p 4

[By staff reporter]

[Text] Some experts are urging local authorities to end regional blockades and open up their doors to help the formation of a national market.

The problem of regional protectionism has become so rampant that it prompted Premier Li Peng last week to warn local protectionists of the "ultimate harm" they would bring upon themselves.

The premier noted that protectionism helped protect backward local industries and hampered trade.

For 14 months, in the face of the sluggish market, more and more local authorities had been turning to protectionism, barring the in-flow of products from other areas and the out-flow of financial and material resources, he said.

The experts say local protectionism will divide the single national market and obstruct the normal flow of financial and material resources across the nation.

Statistics show that since 1983, Shenyang, capital of Liaoning Province, had spent at least an extra 4 billion yuan (\$760 million) for raw materials that used to be allocated at government-set prices.

Local protectionism was also hindering the nation's economic development as it enables the different areas to dodge competition, thus protecting backward industries at the expense of advanced industries in other parts of the country, the experts say.

Government officials have admitted that structural adjustment of the industrial sector and an improvement of its product mix, which is the goal of the austerity programme, have not met expectations.

Decentralization of the nation's financial and investment decision began around 1984.

This gave local authorities greater incentive to develop their own industries in order to earn quick profits. To support their fledgling industries, local authorities tended to block the entrance of competitive products from other regions.

They also connived at the deliberate default of outstanding obligations that businesses in their own regions owe enterprises in other regions.

So far, China's central bank has approved more than 30 billion yuan (\$5.76 billion) in loans to enterprises for the clearance of such debts valued at about 100 billion yuan (\$19.2 billion).

Experts say debt-defaults will rise again if local protectionism is not curbed, because laws and regulations dealing with the problem will not work in the face of local obstruction.

Last week, the mayors of 55 cities in five provinces and autonomous regions in Southwest China gathered to discuss ways of pulling down trade barriers between the cities.

Prospects for Foreign Debt Repayment Said Bright

HK1012035290 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 10 Dec 90 p 1

[By staff reporter Da Kan]

[Text] A leading Chinese banking expert says China is not facing a debt crisis even though it has entered the peak period of foreign debt repayments which are now running as high as \$45.4 billion.

Professor Wu Nianlu, director of the Institute of International Finance under the Bank of China, said three things had led him to reach this conclusion.

First, he said, China's external borrowing by the end of last year were worth 83 per cent of the year's foreign exchange earnings through exports, or 9.7 per cent of the gross national product. And the country used 8.1 per cent of the foreign exchange it earned through export last year in order to repay debts. All these figures were below international debt service ratios, he said.

Second, China's foreign debt structure, with long-term or medium-term repayment periods accounting for 90 per cent, was rational.

Third, he said, between 70 and 80 per cent of Chinese foreign debts were denominated in U.S. dollars, Japanese yen and German marks, which were the main foreign currencies that China earned through export.

In an interview with the ECONOMIC DAILY newspaper, Wu urged China to borrow more money to roll over its existing debts.

He said this was a "normal and necessary means of using and managing external borrowings."

But he stressed, "The borrowing of new loans to repay existing debts must be used together with increases in foreign exchange earnings through exports."

China had acquired a total of \$45.4 billion in foreign debts by the end of June this year, he said. This was \$4.1 billion up on the figure recorded at the end of last year, according to an official with the State Administration of Foreign Exchange Control.

China's foreign debt grew at an average annual rate of 36 per cent between 1985 and 1988, the official said, adding that the country had repaid \$17 billion in foreign debts this year, most of which were in the form of short-term loans.

He said China's credit-standing had improved because of the slow down in the growth of borrowing, its rational debt structure and the fact that exports were increasing rapidly.

The official said his administration had strengthened management and restricted the taking out of medium-term and long-term commercial loans since the beginning of this year.

It had also begun to restrict the growth of short-term loans by setting limits on borrowing by banks and other financial institutions.

He said more than 80 per cent of China's existing foreign debts involved long-term repayment periods.

Official Discusses Repayment of Foreign Debts

HK1112110390 Beijing CEI Database in English 11 Dec 90

[Text] Beijing (CEI)—China has signed agreements with foreign creditors over the reorganization of most of its over-due foreign debts which amount to about 150 million U.S. dollars [as received], an official said here recently.

The official, who is in charge of the State Administration of Exchange Control, said that difficulties in individual cases do not affect the repayment efforts as the scale of foreign debt has been controlled within the country's servicing capabilities, the official said.

He said China's foreign debts totalled 45.4 billion dollars by the end of last June, up 4.1 billion dollars from the 41.3 billion dollars at the end of 1989. The growth speed was 10 percent, obviously lower than the average yearly increase of 36 percent between 1985 and 1988.

In 1989, China repaid some 17 billion dollars of foreign debts, which included a majority of short term debt for that year and some medium-and long term official preferential debt and non-preferential commercial credit.

The official said that China's repayment rate and debt rate, which were below 10 percent and 82 percent respectively in 1989, are rational.

Foreign Economic Ties in 1990's Viewed

HK2111074190 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 15 Nov 90 p 2

["Special commentary" by Zhang Yuan (1728 6678):
"China's Foreign Economic Relations in the Nineties"]

[Text] In today's world, the economies of all countries are closely linked with the world economy.

The 90's will be a critical period for the Chinese national economy to realize its strategic goal of quadrupling the total output value of its industry and agriculture and for living standards to attain a level of comparative comfort. After smoothly achieving the preset objective of improving the economic environment and rectifying the economic order, the national economy will see sustained, stable and harmonious growth as it advances along the path of continuing reform and opening up. The quality and level of its growth will undoubtedly be determined primarily by the implementation of domestic economic policies. But to a certain degree, it will also depend on the development of the world economy, as well as on the essence and content of China's participation in the international division of labor and in international exchanges. It may be predicted that the impact of the development of China's foreign economic relations on the growth of the national economy in the nineties will be greater than at any time since the founding of the PRC. Owing to the relative backwardness of China's economy, its effect on the development of the world economy is limited. Hence, the strategic focus of China's endeavors to strengthen and expand international economic exchanges and to adapt to changes in the international economic environment should be rooted in understanding, coordinating and coping with all kinds of foreign economic relations.

1. The Relationship Between Deepening of Reforms and Widening the Opening Up to the Outside World

Postwar economic development of all countries in the world has shown that reform of the socialist economy grew out of an inherent demand for self-development. Among socialist countries, China was the first to carry out economic reforms and open up to the outside world, and thus vigorously propelled the advance of the Chinese national economy. This driving force continues to exist in the nineties and will have to be boosted further. In fact, the deepening of reforms and expansion of the opening up to the outside world are the two main factors determining the advance of China's economic development in the nineties.

First of all, the accomplishments of 11 years of reforms and opening up should be consolidated, developed and perfected through deepening of reforms; second, the underlying problems in the national economy cannot be resolved fundamentally by efforts for improvement and rectification, but can only be effectively dealt with by relying on the deeper reforms; third, in so far as the present economic situation is concerned, development

of the national economy is at a stage where reform has to promote harmony. The criteria for the deepening of reforms should be the liberation and development of the forces of social production; the deepening of reforms should lead to the creation and perfection of an excellent economic operating mechanism integrating planned management and market coordination. A rational distribution of resources should be promoted on the basis of the objective laws of economic development. The sustained, stable and harmonious development of the national economy should be maintained with the objective of raising the people's standard of living.

Widening the opening up to the outside world is in itself an organic part of the deepening of reforms as well as part of China's efforts to adapt to the development and changes in the international economic situation and meet the challenge of the new technological revolution within the world sphere. It also provides an excellent opportunity for the Chinese economy to adjust its international position as the center of the world economy shifts to the Asia-Pacific region. At the same time, the transition period during which both Hong Kong and Macao are returned to the motherland will, objectively speaking, present the demand and responsibility for widening the opening up to the outside world. The widening of the opening up to the outside world in the nineties should be rooted in the development of China's national economy within the world economic system. On the one hand, technology, capital and advanced management methods should be imported to supplement the industrialization process so that the gap with developed countries may be narrowed and vitality injected into the national economy; on the other hand, the international competitiveness of China's economy should be enhanced, and the depth and breadth of China's participation in the international division of labor and international exchanges boosted and expanded in order to adapt to the integration process of the world economy.

The deepening of reforms and widening of the opening up to the outside world complement each other and cannot do without each other. The deepening of reforms is the basis which serves as the fundamental guarantee for widening the opening up to the outside world; the widening of the opening up to the outside world is the condition which will promote the process for the deepening of reforms.

At present, a few developed capitalist countries have imposed varying degrees of economic sanctions against China, causing a relative deterioration in the international economic environment confronting the country and bringing new problems in the deepening of reforms and widening of the opening up to the outside world. Therefore, in the nineties, China should, on the one hand, be rooted in self-reliance and hard struggle and make plans and arrangements for a relatively independent development of the national economy; on the other hand, it should seek out various ways to gain partners for international economic cooperation and expand international economic exchanges, vigorously develop the

national economy, and endeavor to expand and strengthen the depth and breadth for opening up to the outside world.

2. The Relationship Between the New International Economic Order and Our Country's Position and Role

Owing to historical reasons, as well as the sustained economic growth of developed countries and the sluggish economic growth of developing countries as a whole, the irrationality and unfairness of the international economic order has not improved but, instead, has taken a turn for the worst.

In the nineties, China must vigorously advocate that restoration of the economic growth and development of developing countries be made the primary objective of international economic cooperation and firmly support all just struggles by developing countries and all international economic organizations for changes to the irrational and unfair international economic order. It should endeavor to improve North-South relations, promote South-South cooperation and narrow the "gap between the wealthy and the poor" in the world sphere.

China has to vigorously promote its relations with international and regional economic organizations, as well as play its proper role as a member state, prevent a handful of countries from controlling, maneuvering and harming the interests of member states, and support and assist international and regional economic organizations in the implementation of their aid projects and development plans in underdeveloped countries, low income countries as well as developing countries suffering from disadvantageous geographical conditions or natural disasters.

The regional integration of the world economy is the principal trend in the development of international economic relations in the nineties. This will lead to mutual promotion of economic development among countries and increase vitality. On the other hand, regional integration based on interests will lead to a readjustment of international economic relations and bring an increasingly communitarian flavor to international economic exchanges.

China should voluntarily submit itself to this worldwide trend and not relegate itself to the "sidelines" as an outsider. It is necessary to handle and coordinate China's economic relations with each regional organization, and, on the basis of maintaining economic cooperation with the member states of the regional organizations, expand and strengthen economic exchanges with the entire regional organizations; on the basis of adhering to fundamental political and diplomatic principles, and taking into consideration interests, responsibilities and obligations, China should actively take part in the deliberations, preparations and formations of certain economic groups in the Asia-Pacific region.

As in the past, China should uphold the Five Principles of Peaceful Coexistence in strengthening and developing multilateral economic cooperation and international exchanges.

3. The Relationship Between International Division of Labor and Readjustment of the Industrial Structure

The rationalization of the industrial structure is the core in the formulation of a long-term economic development strategy. The readjustment of China's industrial structure in the nineties, as well as the process and result of its promotion will directly affect the development of the national economy in future decades. Undoubtedly, for China, whose position in the international division of labor is rising gradually and whose international dependence is growing increasingly, the readjustment and promotion of its industrial structure should be guided and boosted by an export-oriented economic development strategy. The economic development of developing countries has shown, however, that development of an export-oriented economy is conditional and that development of exports does not necessarily bring about normal growth of the economy. Nor does it follow that all exportable commodities can break into the international markets. If the export of certain commodities means the consistent sacrifice of domestic profits, then expansion of such exports will only suppress the development of related industries.

For an export-oriented economy to effectively bring about and promote national economic growth, the key lies in the following: a rational industrial structure should not only provide for harmony between the export structure and domestic industrial structure, but also organically link up with the world industrial structure. In the nineties, the development of an export-oriented economy in China, as well as the readjustment and promotion of the industrial structure will be confronted by a difficult dual task. Because a flexible link-up mechanism among various industries is more important than the numerical value of the industrial structure itself, it is necessary to seize the opportunity provided by the reorganization in the global industrial structures and, on the basis of exploiting the comparative advantages existing among different industries and regions in the country and creating an excellent mechanism for domestic industries to adapt to the foreign environment, to realize a benevolent cycle whereby the domestic industrial structure complements the export structure, which in turn complements the global industrial structure, and thus achieve comparatively good results in an export-oriented economy.

In the nineties, the development of China's export-oriented economy will continue to be determined by the essence and content of the international division of labor and international exchanges in which China takes part. Its main theme should be the comprehensive implementation of export incentives and import substitution. That is, mature domestic industry with a certain degree of international competitiveness will receive incentives for

exports, while a protectionist policy of import substitution will be implemented vis-a-vis newly emerging industries which still have a long way to go in the international market.

In the nineties, aside from strengthening and perfecting the traditional methods and channels for foreign cooperation and exchanges, China should also vigorously develop the export of labor and exploit its comparative advantage in human resources; even as it continues to create the conditions for the import of foreign capital and technology, it should also move out into the world and, using the comparative advantages in our technology, manpower and certain industries, establish some multinational companies built around Chinese capital or Chinese technology in order to bring about the internationalization of related industries in the country.

The principal subject in the development of international economic relations is the multinational company. In the end, China's foreign economic cooperation and exchanges are mostly linked to the cooperation and exchanges between domestic enterprises and multinational companies.

In the nineties, the process for integration of China's enterprises will primarily be determined by the depth and breadth of the reforms. For China's economy to move comprehensively into the world in the next century, the expansion of large and medium-sized enterprises, notably their power to decide on foreign economic and foreign trade matters, and the creation of the conditions for these enterprises to grow and develop through international competition should be designated as one of the key points in the reform of enterprises.

Beneficial Results of Foreign Investment Seen

HK1012042690 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 10 Dec 90 p 3

[By staff reporter Xiang Wei]

[Text] Foreign-funded firms are outperforming the lackluster Chinese State-owned enterprises.

The country's 10,000-plus foreign-funded enterprises, along with the private and collectively-owned firms, accounted for 1.3 percent of the total industrial growth rate of 3.1 percent recorded in the first nine months of this year, the statistics show.

"This underlines the increasingly important role played by foreign-funded and other non-State enterprises in the Chinese economy," said one economist who declined to be named.

He said the rapid growth rate achieved by the foreign-funded enterprises and their impact on the Chinese economy had surprised government officials and economists.

The government had meted out a series of perks to attract foreign capital over the last decade including tax breaks and low landfees, the economist pointed out.

According to the Ministry of Foreign Economic Relations and Trade (Mofert), foreign investors had launched 26,568 ventures in China by the end of September.

And more than 10,000 of the enterprises which had already started operation were achieving satisfactory results, according to ministry officials.

The latest statistics show that in the first 10 months of this year, the country's foreign-funded enterprises and other non-State-owned firms recorded a 44.7 percent increase in production output value to 66.22 billion yuan (\$12.71 billion) over the same period last year.

Meanwhile, the State-owned enterprises, the country's mainstay, have yet to pull themselves out of the doldrums.

The statistics show that in the first nine months of this year, State-owned enterprises reported an increase of just 0.7 percent over the same period last year.

Economists say the rapid growth in industrial output value of the foreign-funded enterprises has resulted mainly from the introduction by the government of preferential measures such as tax breaks.

They say such enterprises usually perform better than State-owned ones because they are allowed to make their own decisions and they employ Western-style management techniques.

The fact that they have easy access to the international market also enables such enterprises to escape the worst effects of the sluggish market currently affecting China.

Foreign Funds To Help Expand Steel Production

HK0312032090 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 3 Dec 90 p 1

[By staff reporter Ren Kan]

[Text] China, the world's fourth largest steel producer, is planning to use more foreign loans to expand its steel production over the coming five years.

Four Japanese banks last month signed an agreement to extend \$20 million in commercial loans to the China International Iron and Steel Investment Corporation (CSI), which concentrates on absorbing foreign capital for the country's metallurgical investment.

The loan, which must be repaid within eight years, was signed by the Dai-ichi Kangyo Bank, the Fuji Bank, the Mitsui Taiyo Kobe Bank Ltd and the Sanwa Bank, said an official with the CSI.

The official, who declined to be named, said the loan will be used to buy second-hand equipment from Belgium to

produce cold rolled steel strips at the Benxi Iron and Steel Corporation in Liaoning Province.

The import of the equipment, which will be able to produce 700,000 tons of rolled steel strips a year, is only part of Benxi's expansion project.

The corporation plans to build a cold rolling mill within three years to complement its current hot rolled steel production.

To support the firm's expansion plan, CSI is seeking other commercial loans and export credits.

Besides the Benxi project, the official said, the government has approved the use of foreign loans by another three projects.

Although she declined to give the specific figure of the expected loans, the official said hundreds of millions of U.S. dollars will be needed for these projects.

Feasibility studies on the three projects have been completed, the official said.

Although steel output has already surpassed 60 million tons a year, the industry has a long way to go to keep pace with the country's economic development, and has set a target of 80 million tons a year by 1995.

In the past two years, CSI has borrowed \$93.5 million in syndicated loans from overseas banks for the Chengdu Seamless Steel Pipe Factory and the Chongqing Special Steels Factory, both in Sichuan Province.

The four projects are expected to increase China's steel production capacity by at least four million tons a year and help alleviate China's steel product shortage.

One of the four projects is the expansion of the Meishan Metallurgical Corporation in Jiangsu Province.

The corporation will build a hot rolling mill capable of producing 1.2 million tons of steel a year after the first phase of construction is complete.

Two syndicated loans totalling \$36 million from Japanese banks were granted to Meishan through CSI earlier this year to buy a second-hand hot-rolling mill from the Nippon Steel Corporation of Japan.

Meishan's expansion programme also includes a new steel plant with an annual production capacity of 2 million tons of steel. The corporation now produces 1.5 million tons of iron every year for use by steel producers in Shanghai.

The second project is the expansion of the Wuhan Iron and Steel Corporation, one of China's top 10 steel producers. The company is in Hubei Province.

Under the scheme, the company plans to construct its No. 3 steel plant. Its new equipment include converters and continuous casting machines.

The new project will increase Wuhan's annual steel output to 7 million tons from its present 5 million tons.

The Wuhan corporation is also planning to increase the production capacity of its silicon steel plant. The plant's annual output is expected to increase by 60,000 tons.

The Laiwu Iron and Steel Corporation in Shandong Province will raise its steel output to 700,000 tons from the current 400,000 tons with the help of foreign loans.

The official said that CSI has already been in contact with the Asian Development Bank to support the Laiwu expansion project.

Price Increases in 1990 Lower Than Expected

HK1012134190 Hong Kong WEN WEI PO in Chinese
3 Dec 90 p 2

["Dispatch" from Beijing by staff reporter: "State Administration of Commodity Prices Predicts That the Margin of Price Increases for the Whole Year Will Be Three Percent"]

[Text] Beijing, 2 Dec (WEN WEI PO)—The State Administration of Commodity Prices has recently made a prediction of the overall level of commodity prices for the entire year. The preliminary estimate of the margin of price increase for the entire year will be around three percent, significantly lower than the 14-percent increase rate which was set at the beginning of this year as the limit. It is estimated that the market will remain stable by the end of this year.

According to some sources, the State Administration of Commodity Prices offered an estimate of the basic changes in the price level of the whole country in the first nine months in light of some relevant data: From January to March, the absolute chain index of price level showed an upsurge; from April to June, it slightly dropped; starting from July, with the national economy gradually rising from the rock bottom and the activation of the market, the absolute prices also picked up. But the rate of this pickup was small, normally fluctuating between 0.2 percent to 0.5 percent.

The State Administration of Commodity Prices holds that inflation has been brought under control since the beginning of this year. In the first three quarters, the general retail price index of the whole country increased by 2.2 percent over the same period last year, of which the retail price index of consumer goods increased by 1.7 percent over the same period last year and that of agricultural production means increased by 6.6 percent. In terms of consumer goods, the retail price index of foods basically held level with last year, with a mere increase of 0.2 percent; that of garments increased 7.4 percent; the general price level of industrial goods for daily use increased by 1.9 percent; that of civil-use fuels registered a remarkable increase rate of 7.4 percent.

It is learned that up till now, the repricing projects that the state planned to push through at the beginning of the year have now almost all been implemented. In terms of this year's pricing adjustment and reform, big steps have been taken. The general official assessment of the entire pricing adjustment is: "Numerous projects and big strides." Here is a summary of the major repricing projects: In January, the purchasing prices of sugar were raised by 13 percent; in March, the purchasing prices of six edible vegetable oils were raised by 28 percent; the ex-factory prices of crude oil and some finished oil products were raised by 30 yuan per metric ton and 10 percent on average respectively; railway cargo carriage and river freight were raised 29 percent; in April, six commodities including soda ash and caustic soda that had been imported by the state with foreign exchange were repriced with override added; in May, temporary prices were fixed for the iron and steel products of the nine major iron and steel companies, rates of increase being 13 to 30 percent; in July, the prices of soap and washing powder were raised by 30 percent; in September, a 27-percent increase was given to the purchasing prices of new cotton, and postage and telecommunications charges were also raised; in October, the prices of alternative coal and some cotton fabrics were raised; in November the sales price of sugar was raised by around 40 percent. Besides, the State Council approved the repricing projects in some localities, allowing them to: stop selling grain at rolled-back prices and turn to negotiated prices; raise the retail prices of milk; raise the prices of textbooks (including exercise books) and sundry charges at primary and middle schools; raise bus fares, town water rates, and public bath charges.

Some relevant experts maintain that these repricing projects pushed through by the state this year have decreased the cases of pumping up prices of non-local products and reduced the price disparity under the dual-track pricing system. At present, the market remains stable. However, much of the chain reaction resulting from the repricing projects conducted in the fourth quarter of this year will not show up until next year. Moreover, even though the state's power of macro-regulation and macro-control over commodity prices will not undergo any significant change, the current scope of bank credit is already quite large, which will affect commodity prices next year. Therefore, the estimated rate of price increase next year will be higher than this year, but not excessively high.

Workers' Wages Increase Steadily During Plan

OW1012133390 Beijing XINHUA in English
0909 GMT 10 Dec 90

[Text] Beijing, December 10 (XINHUA)—The wages of Chinese workers have increased steadily during the Seventh State Five-Year Plan period (1986-90), the "PEOPLE'S DAILY" reported today.

The total wages of the workers throughout the country this year will come to 296 billion yuan, 2.14 times that in 1985, the newspaper quoted the State Statistics Bureau as revealing.

At the same time, the per capita income of workers is expected to reach 2,130 yuan this year, an increase of 85.5 percent over 1985 or an average increase rate of 13.2 percent a year since 1985.

The per capita income of workers in foreign-invested enterprises will reach 2,950 yuan this year while that of workers in state-owned enterprises will be 2,260 yuan and workers in collective-owned enterprises will earn 1,710 yuan.

During the period, the economy in the country's coastal areas saw a faster growth than in the country's other areas. And the average wage also increased faster in the coastal areas than in the other areas, said the newspaper.

For instance, the average wage per worker in 12 coastal areas was 2,087 yuan last year, 7.6 percent higher than the national average.

Bonuses and subsidies now account for an increasingly larger part of a worker's total income. This year bonuses and subsidies will account for 40.5 percent of a worker's total income, compared with 27.6 percent in 1985.

Energy Production Expected To Top Quotas

HK0812060690 Beijing CHINA DAILY in English
8 Dec 90 p 2

[By staff reporter Huang Xiang]

[Text] China's energy production is sure to be well above most of the State targets for the year, CHINA DAILY learned yesterday.

Coal output is expected to top 1.08 billion tons, 20 million tons more than the government-set quota.

The predicted figure is also 40 million tons more than in 1989 when the industry turned out a landmark 1.04 billion tons of raw coal.

Electrical generation, according to the Ministry of Energy Resources, will reach 640 billion kilowatt hours, 10 percent above the State's requirement of 580 billion for 1990.

Ministry sources said the requirement for 1990 is actually 30 million kilowatt hours more than the planned quota set in the official Seventh Five-Year Plan (1986-1990).

In November the power industry generated 52.6 billion kilowatt hours of electricity, which has brought the total output so far this year to 558.5 billion kilowatt hours.

Crude oil output should be around 138 million tons by the end of the year, hardly a disappointment for the State planner who set the year's target at 137 million tons.

The output is comparable to that in 1989 and 1988, but is significantly less than that demanded in the Seventh Five-Year Plan.

Nuclear Industry Makes Gains, Fulfills Targets

OW1012212190 Beijing XINHUA Domestic Service
in Chinese 0718 GMT 9 Dec 90

[By reporter Hu Nianqiu (5170 1628 4428)]

[Text] Beijing, 9 Dec (XINHUA)—China's nuclear industry made steady progress during the "Seventh Five-Year Plan" period, basically fulfilling or overfulfilling major planned targets. Its total industrial output value is expected to surpass the planned target by 14 percent by year's end, while its export volume is projected to increase by 65 percent over the "Sixth Five-Year Plan" period.

The industry underwent significant readjustment during the "Seventh Five-Year Plan" period, on the basis of changes made during the "Sixth Five-Year Plan" period. Old operations and management methods were modified. Vigorous efforts were made to develop nuclear and nonnuclear allied products, with emphasis on developing nuclear energy. The transfer of military technology to the civilian sector was intensified, and diversified operations were introduced. Moreover, unremitting efforts were made to foster foreign economic relations, trade, and international technological cooperation. Remarkable achievements have been made in production, scientific research, and capital construction.

The Qinshan Nuclear Power Station, designed and built by China itself, has entered the stage of overall testing. Drafting of the basic design for two 600,000-kw generating units, which constitute the station's second-phase project, is in full swing. Consideration is being given to building one or two more generating units, each with a capacity of 300,000 kw, at the station, in accordance with the state's mid-term energy development program. The funding plan for one such unit is close to completion. Meanwhile, installation of one of the two 900,000-kw generating units at the Daya Bay Nuclear Power Station, a Sino-foreign joint venture, has entered the peak period, and efforts are being made to install the other. Site selection and negotiations for another nuclear power station are in progress. This station, to be built in Liaoning with foreign loans, will be equipped with two 1 million-kw generating units.

To develop nuclear power stations, China has built a production line for nuclear fuels and elements for 300,000-kw pressurized water reactors. It has also completed the production of fuels and elements for the Qinshan Nuclear Power Station's first-phase project, made significant progress in researching the production techniques for enriched uranium, and completed over 450 research projects. The country has become one of the major uranium producers in the world, having completed over 100 projects in advanced mining technology,

including the technique of following the mineralization process of uranium and applied remote sensing technology.

In basic research, China has achieved the design target for the first-phase project of its No. 1 nuclear fusion converter. Some of the physical parameters of the converter have reached, or almost reached, the second-phase targets. Moreover, the country has built a large serial electrostatic generator, which is open to both domestic and foreign visitors. It has conducted many research experiments, successfully remodeled a heavy water experimental reactor, built Asia's first large cold neutron source, and contributed to research on physical phenomena in a state of aggregation [ning ju tai 0413 5112 1966] and on materials structure.

Production of civilian goods by China's nuclear industry increased by an average 21.4 percent each year during the "Seventh Five-Year Plan" period. The output value of such goods was more than three times that in the "Sixth Five-Year Plan" period. The nuclear industry now produces 10 categories of civilian goods totaling more than 1,000 varieties. They cover machinery, electronics, metallurgy, nonferrous metals, chemical industry, building materials, electric power, light industry, textiles, medicine, food, and many other sectors. Nuclear instruments and meters for industrial and medical uses, radioactive isotopes and their application, fire alarm systems, fire extinguishers, and rare earths have become the dominant force in the reoriented nuclear industry.

China's nuclear industry has established contacts and trade cooperative ties with over 40 countries and regions. Compared with the early period of the "Sixth Five-Year Plan," the numbers of export-oriented enterprises and varieties of civilian goods produced by the industry have increased by nearly three- and 10-fold, respectively. The country has achieved breakthroughs in exporting civilian nuclear products and technologies. Its micro-reactors are popular with Third World countries.

'Roundup' Views Expected Offshore Oil Output

OW1012181490 Beijing XINHUA in English
1226 GMT 10 Dec 90

["Roundup: China's Offshore Oil Industry Enjoys Stable Growth"—XINHUA headline]

[Text] Beijing, December 10 (XINHUA)—The output of China's offshore oil has topped the state target of one million tons and is expected to exceed this target by 20 percent by the end of this year.

According to the China National Offshore Oil Corporation (CNOOC), the rapid growth in offshore oil output—from 900,000 tons in 1989 to 1.20 million tons this year—can be attributed to the going into production of two new big offshore oilfields this year.

The Huizhou 21-1 oilfield, developed jointly by China and the Act Operators Group and put into operation in September this year, is the biggest offshore oilfield, with a capacity of one million tons. The other is the Bozhong 34-2 field, with a capacity of 500,000 tons; it went into production in June this year.

The CNOOC expects its annual output to reach five million tons of crude oil and 1.2 billion cu m of natural gas by 1992, after a number of new offshore oilfields go into production.

Since 1979, when China began to seek foreign co-operation in offshore oil exploration and development in the South China and Bohai Seas, the country has developed its own technological potential for offshore oil through co-operation with foreign companies.

Up to now the CNOOC has introduced foreign investment totalling 2.8 billion U.S. dollars by signing 43 contracts or agreements with 45 oil companies from 12 countries. Under these contracts and agreements, about 170 test wells have been sunk and 36 structures containing oil and gas found.

Now four offshore oilfields have been put into production in the South China and Bohai Seas, while six other oil and gas fields are under construction.

Moreover, China has also started oil exploration in the East China Sea using its own technological setups, and has already found two oilfields and three structures containing oil and gas.

Though the offshore oil output still only takes up a small portion of the national total, experts are encouraged by the great offshore potential, as the proven reserves have reached 850 million tons and gas reserves, 140 billion cu m.

Planners Stress Yangtze River Area Investments

HK1112025290 Hong Kong SOUTH CHINA MORNING POST in English 11 Dec 90 p 10

[By Daniel Kwan]

[Text] There is new evidence that reform programmes pioneered by patriarch Mr Deng Xiaoping which encouraged faster development of the country's five special economic zones [SEZ's] have been further eroded by state planners.

Instead of concentrating on the SEZs, Chinese planners now favour more investment and incentives to foster faster growth along the Yangtze River and its border areas.

The change of focus was first officially confirmed last month by the Chinese Communist Party General Secretary, Mr Jiang Zemin, who attended the 10th anniversary of the two SEZs—Shenzhen and Zhuhai—in Guangdong province.

It was reported that Mr Jiang had told SEZ officials in Shenzhen that they should not expect any new incentives from the central Government which is now busy developing Pudong, Shanghai.

The semi-official Hong Kong China News Agency reported yesterday that instead of continuing Mr Deng's coastal development plan, China would adopt a "three-fronts approach" in building its economy.

It said in addition to Mr Deng's coastal economic plan, massive construction would take place in areas along the Yangtze River and in the border areas with the Soviet Union and China's southwest Asian neighbours.

"Downstream cities of the Yangtze River, such as Shanghai, Ningbo and Hangzhou will become the largest economic nucleus of China," the report said.

The new development strategy is expected to be formally finalised and endorsed in the seventh party plenum to be held around Christmas Day.

Also to be confirmed in the coming party conference is a decision to overhaul the foreign trade system. China will abolish the present financial subsidies system under which the central Government subsidises regional governments for any losses after they have fulfilled their annual quotas.

In return, all provinces will be able to keep 80 per cent of their foreign exchange income earned through exports, a privilege currently enjoyed by the SEZs.

By popularising the privilege, Beijing, has essentially removed the SEZs' special status and analysts believe in three to five years' time they will be overtaken by other Chinese cities which have the support of the central Government.

China has five SEZs—Shenzhen, Zhuhai and Shantou in Guangdong, Xiamen in Fujian, and Hainan province.

Commodity Grain Production Bases Increase Output

HK0812052790 Beijing RENMIN RIBAO in Chinese 2 Dec 90 p 1

[Report: "Output of China's Commodity Grain Production Bases Increases by More Than 10 Billion Kilograms This Year"]

[Text:] Through eight years of intensive construction, the commodity grain production bases in our country have now successively entered the stage of yielding the best returns. In the past few years, grain output in the 274 commodity grain production base counties which were set up in four batches continued to increase stably. This year, the total output reached 116.6 billion kilograms, or increased by over 10 billion kilograms or 9.8 percent over that in 1989 when good harvests were reaped. They totally supplied 40 billion kilograms of commodity grain, and the commodity rate reached 34 percent.

Most of the commodity grain production base counties are major grain-producing counties which have a good foundation and a great potential and which have made great contributions. Some of them are high-yield counties which are striving to attain the yield target of 1,000 kilograms per mu.

At present, most of these counties have fulfilled their general construction plans and have formed comprehensive production capacity. Reportedly, although the area of cultivated land in these counties accounted for less than one-fifth of the country's total, their gross grain output this year accounted for more than one-quarter of the country's total, and the quantity of their additional grain output accounted for nearly one-half of the country's additional grain output. Therefore, they have become a backbone force for ensuring our country's stable and increasing grain output and supplying the market with commodity grain.

In addition to the stability of the relevant policies and the favorable weather conditions, the good harvests of grain crops in the commodity grain production bases this year should first be attributed to the fact that leaders at various levels in the base counties have attached greater importance to grain production. In many provinces and counties, party and government leaders personally took care of the arrangements of grain production, and the departments concerned also cooperated closely.

In Taoyuan County, Hunan Province, as people's understanding was raised and leadership was strengthened, the planning department gave priority to grain production when distributing materials; the finance department first ensured the funds needed in grain production; the land management department first dealt with the cases of

requisitioning land for grain production; the construction department first completed the design of the relevant projects; and the auditing department first organized the auditing of the use of the funds earmarked for base construction. In most base counties, base construction was not the task for a single department but one for the entire government, and leaders' activity led to the action of the vast number of grass-roots cadres and masses.

In the past few years, more than 200 base counties have basically established an initial system for popularizing advanced farming techniques and cultivating improved seeds, built a batch of small-sized water conservancy and irrigation facilities, and raised the comprehensive agricultural production capacity. According to rough statistics, in these base counties, 28.08 million mu of low-yield fields have been transformed; the irrigation condition for 66.18 million mu of farmland has been improved; the area of high-yield fields whose per-mu yield exceed 1,000 kilograms increased from 9.9 million mu in 1989 to 13.22 million mu, or increased by 33 percent.

Construction in these base counties has created the necessary conditions for technology-promoted agricultural development. There, the formulation of a series of favorable policies and measures for stabilizing the contingent of agrotechnicians has aroused the work enthusiasm of scientific researchers and technicians. In the last two years, the 274 base counties have trained 62.13 peasant technicians in all fields, popularized more than 3,900 new and advanced technical items, introduced more than 570 kinds of improved varieties, increased the area sown with improved seeds by more than 200 million mu, and raised the rate of land sown with improved seeds to 70-85 percent. This year, the base counties did not substantially increase the area of land grown with grain crops, but their per-unit yield increased by 25 kilograms or 8.2 percent. This was mainly because applicable techniques were adopted over large areas of farmland.

East Region

Shanghai To Host 12 International Trade Fairs

OW0712182890 Beijing XINHUA in English
1537 GMT 7 Dec 90

[Text] Shanghai, December 7 (XINHUA)—Shanghai, the largest industrial and commercial center of China, will host 12 international economic and trade fairs and participate in 12 international exhibitions in 1991.

The information was revealed at the 100th session of the "Shanghai International Economic and Trade Salon" that opened this afternoon.

Zhang Renren, deputy general manager of Shanghai International Trade Information and Exhibition Corporation, said that from April, 1991, Shanghai will hold one to two international exhibitions each month.

These fairs will cover meters and instruments, packaging and printing machinery, textiles, telecommunication facilities, computers, automobiles, biological engineering, medical equipment, fire control, agricultural, animal husbandry and fishery products.

He revealed that Shanghai municipal government has prepared 200 million U.S. dollars to purchase necessary facilities at the second international exhibition on packaging and printing machinery to be held from May 14 to 19.

Zhang said that Shanghai will display its products at international exhibitions to be held in the United Arab Emirates, Saudi Arabia, France, Canada, Indonesia, the Soviet Union, Spain, Malaysia, and Chile in 1991.

In the past two years, a total of 5,000 entrepreneurs, managers and factory directors as well as people from commercial and financial circles in China and abroad participated in the salon.

The first session of the salon was held in December, 1988, by the Shanghai branch of the China Chamber of International Commerce.

Shanghai's Zhu Rongji Downplays Exchange Opening

HK0812013390 Hong Kong HONGKONG STANDARD
in English 8 Dec 90 p 6

[By Cheung Po-ling]

[Text] Shanghai Mayor Zhu Rongji has asked the Chinese media not to make a big issue out of the opening of the city's securities exchange, fearing criticism from hardliners, Chinese sources said yesterday.

The securities exchange, the first of its kind in China, is scheduled to open on December 19.

Mr Zhu said some conservative leaders such as President Yang Shangkun were opposed to such a capitalist institution opening in China, sources said.

When speculation on the small Shenzhen bourse was its peak in May and June, President Yang scrawled "it's purely capitalism" on a report disclosing that the Special Economic Zone wanted to develop a fully-fledged stock market.

Sources said as a result the plan was put on hold and has only just been revived.

The Shanghai market would initially concentrate on bonds, gradually shifting its emphasis to stocks. The city has already compiled a stock index, called the Jingan Index.

Shenzhen now plans to open its stock market at the end of this month, the sources said, and Zhuhai plans to open next year.

In a tour of Shanghai's Pujiang Hotel, where the securities market is situated, Mr Zhu instructed the media to cover the opening without making a fanfare.

"He feared the overblown coverage might stir up ill feelings from the senior leaders against the capitalist-style market and thwart the plan in its infant stage," said a Chinese source.

Analysts said the cautious attitude of Mr Zhu, a strong backer of the stock market, was understandable as conservatives and liberals were still locked in a fight over the pace and direction of economic reforms.

Under the reforms, more and more industrial conglomerates have emerged and pushed for the development of a share-holding system.

In Shenzhen, only five companies are issuing stocks to the public, although more than 100 have asked to go public to raise capital, sources said.

Due to lack of experience, the central government has not provided a set of regulations to govern the markets, resulting in many loopholes such as insider trading.

It was understood that the People's Bank of China was responsible for drawing up relevant laws with the State Commission for Restructuring the Economy.

A major debate is whether to allow foreign investors to buy stocks and bonds in China.

Many Western investors have shied away from direct investment, such as joint ventures, because of the many regulations, red tape and because the yuan is not freely convertible on the world's money markets.

Analysts said the greatest resistance was from senior leaders who were concerned that selling stocks to foreign investors would undermine China's socialist ownership.

Mayor Zhu Attends Meeting on Bridge Feasibility

OW1012195590 Shanghai City Service in Mandarin
1000 GMT 10 Dec 90

[Text] Mayor Zhu Rongji and Vice Mayor Ni Tianzeng attended a meeting this morning on the feasibility of building the Ningpu Bridge in Shanghai. They listened very carefully to reports by more than 20 experts on bridges, transportation, and civil engineering from Beijing, Shanghai, and other places.

These experts have come to Shanghai to conduct a thoroughgoing discussion on the necessity of building the Ningpu Bridge, its location, projects connected with it, and roads leading to it, as well as geographic, hydrologic, and navigational problems. Their opinions have aroused great interest among the municipal party committee and government.

It has been learned that the experts also have discussed the design of the bridge, including suspension.

The construction of the Ningpu Bridge will begin next June and is expected to be completed and open to traffic in 1993. The total cost of the project will be around 1.3 billion yuan.

Interregional Cooperation Thrives in Fujian

OW0712123590 Beijing XINHUA Domestic Service
in Chinese 0054 GMT 7 Dec 90

[By reporter Yu Yingrui (0151 3841 3843); Local Broadcast News Service]

[Text] Fuzhou, 7 Dec (XINHUA)—Fujian's Fuzhou City, Putian City, Sanming City, Ningde Prefecture, and Nanping Prefectures broke down the barrier of administrative divisions; realized the rational integration of natural resources, technology, and markets; and effectively utilized capital, materials, and personnel. They not only gave full play to the advantages of coastal regions but also promoted the development of natural resources in hilly areas. They also brought about a new phase in the comprehensive development of the economy in northeast Fujian.

The five cities and prefectures of Fuzhou, Putian, Sanming, Ningde, and Nanping in northeast Fujian administer an area of 48 counties (cities and districts) whose combined population, land area, total industrial and agricultural output value, and financial revenues account for more than half of the whole province. These neighboring regions have their own economic advantages and characteristics. Sanming and Nanping, mountainous hinterland regions, are the grain and timber bases of Fujian Province. Putian and Ningde have rich fishery resources and large polder areas. The provincial capital, Fuzhou, is a coastal port city. At a joint conference in 1986, leaders of the five regions proposed the strategic design of establishing a concept of viewing the situation as a whole and of cooperation between coastal and hilly areas, so that both areas may complement each other and

depend on each other to develop the economy together. The strategic design has since been put into practice.

Like a clenched fist, the five northeast regions of Fujian established consensus and broke down administrative barriers to jointly develop production and bring about economic prosperity. A new phase of comprehensive development of the regional economy is gradually taking shape in northeast Fujian. In the last five years, the five regions of Fuzhou, Putian, Sanming, Ningde, and Nanping signed a total of 2,608 agreements on economic cooperative projects, of which 822 were already executed. A total of 13 enterprise groups or collectives, with group members from tractor making, building materials, and textile industries, were organized. Some of the enterprise groups have become economic entities which integrate personnel, finance, materials, supply and marketing, technology, and finance. Not only have the five regions established a communications channel between various trades and professions, they have also organized a trade and profession network linking 16 trades and professions, including aquatic products, fruit, grain, ports, materials, and machinery.

Cooperation in material exchanges has been brisk in the five regions. As a result, advantages of the hilly areas and ocean resources were mutually complemented. According to incomplete statistics, total transactions among the five regions has exceeded one billion yuan through exchanges. Nanping Prefecture and Sanming City supplied 29.60 million kilograms of grain to Putian and Fuzhou. Ningde allocated 160,000 hogs to Fuzhou and Putian. Hilly areas also supplied a lot of timber, bamboo, cement, and sideline agricultural products in support of construction in coastal areas. In return, coastal areas delivered a large number of industrial and aquatic products to enrich the lives of people in hilly areas.

Professional banks in the five regions also ended their self-imposed isolation and began to form a cooperation network. They made full utilization of capital, offered short-term interregional loans, and helped enterprises solve difficulties. From 1987 to 1990, interbank loans among professional banks in five regions reached 416 million yuan (by cross calculation), which effectively promoted the development of production.

Extensive exchanges of scientific and technological results, transfers of patented technology, exchanges of scientific and technological information, consultations on production problems, new product exhibition and marketing, and technological consultation services have helped quickly transform scientific and technological results into production. Fujian Machinery Research Institute, in response to the requirement of enterprises in the five regions to upgrade their product mix, helped develop new products and new technologies for some 20 enterprises, including Mindong No. Three Electrical and Machinery Plant and Nanping Forklift Truck Plant. The institute provided some 135 kinds of services to enterprises from 1988 to 1989.

Central-South Region

Guangzhou Boosts Services for Foreign Enterprises

OW1012134090 Beijing XINHUA in English
1106 GMT 10 Dec 90

[Text] Guangzhou, December 10 (XINHUA)—In 1986 a contract for a Sino-foreign joint venture was finally approved in Guangzhou after 110 days and the addition of 96 big red official seals.

But this process has been greatly speeded up as China opens wider to the outside world, and the Guangzhou Administration for Industry and Commerce has improved its work style and efficiency to attract more foreign investors.

In the first 11 months of this year the administration handled registration formalities for 344 Sino-foreign joint ventures.

Of them, 192 were approved in three days each and 75 finished registration formalities in one day each.

Cadres Urged to Implement Jiang's Directives

HK0712123590 Nanning Guangxi Regional Service
in Mandarin 1130 GMT 3 Dec 90

[Text] From 29 November to 1 December, the regional party committee Standing Committee called a meeting to earnestly study and understand the important speeches given by party General Secretary Jiang Zemin during his inspection tour of Guangxi.

The meeting called on all levels of party organizations in the region to regard studying and implementing the speeches as an important task for the present and the future, comprehensively implement the speeches in all fields, work in a down-to-earth manner, and make this region's economic construction, reform, and opening more successful.

Leading members of the regional Advisory Committee, People's Congress Standing Committee, government, and Discipline Inspection Commission attended the meeting as non-voting delegates.

Meeting participants talked freely and to their hearts' content about their personal understanding of Secretary General Jiang Zemin's important speeches. Through study and discussion they received a profound education and were greatly inspired. All held that a series of important directives made by Secretary General Jiang Zemin during his inspection of Guangxi give expression to Marxism-Leninism-Mao Zedong Thought, materialist dialectics, and the party's ideological line of seeking truth from facts. His instructions give us clear guidance on our march toward an improved Guangxi.

Regional party committee Secretary Zhao Fulin presided over the meeting and made, in accordance with the opinions raised at the meeting, a summary speech on how to study and implement Secretary General Jiang

Zemin's important speeches. He said: The secretary general's directives dealt with many aspects and had substantial content, and there was no mistaking what his directives were aimed at. He adequately affirmed the great achievements scored by this region in the last 10 years and pointed out outstanding problems. He defined the guiding ideology for Guangxi in light of the local reality and gave clear directives on problems uppermost in the minds of the broad ranks of cadres and the masses. He promised that the central government would support Guangxi in its effort to overcome difficulties. The secretary general said on many occasions: Guangxi has achieved great success, faces great difficulties, and has rosy prospects. His promise not only meant material support but also gave all cadres and the people of all nationalities great moral encouragement. Therefore, doing a good job in studying and implementing the secretary general's directives is an important task for us now and in the future. Through studying and implementing the directives, party members and all levels of cadres will reach a common understanding, strengthen their unity, brace their spirits, and increase their confidence and unite the people of all nationalities so as to make greater achievements.

Zhao Fulin said: It is necessary to relay Secretary General Jiang Zemin's speeches immediately and implement them in earnest. In studying and implementing them, we should correctly analyze the situation and earnestly summarize our experiences. We should fully affirm the great achievements scored by Guangxi in economic construction and in reform and opening up to the outside world over the last decade or more. During the last decade, Guangxi has undergone a great change. The society has been stable, and the economy has developed a great deal. The achievements have not come easily. But on the other hand, we should be aware that we have a long way to go compared with other provinces and regions that have developed more rapidly and developed a better economic foundation. Guangxi still ranks among backward regions in terms of the gross national product and per-capita income. Hence, through studying the spirit of the secretary general's speeches, we should see where we lag behind while adequately affirming our achievements. We should find out our weak points while summarizing our successful experiences. We should perceive existing difficulties, as well as favorable conditions, and make a correct analysis of advantages and disadvantages in developing the economy in this region. Only when we analyze and understand the situation in a practical way can we have a clear idea about our foothold and the ideological guideline for our work, and enhance our strong points and eliminate our weaknesses. Consequently, party organizations and all levels of cadres throughout the region will clearly realize that they have arduous tasks on their shoulders, increase the sense of urgency, further brace their spirits, and work harder to further unite the people of all nationalities throughout the region in their effort to push forward Guangxi's economic construction and reform and opening.

Zhao Fulin stressed: We must combine Secretary General Jiang Zemin's important directives with reality and implement them in detail. He came up with the following tasks:

1. Further consolidate and develop the political stability. Solidarity constitutes the foundation for stability while stability is the prerequisite for carrying out the four socialist modernizations and invigorating Guangxi. All levels of party organizations and leading cadres and all party members and cadres should adopt the idea that the preservation of stability is a matter of paramount importance. They should work hard to guarantee that this region would enjoy prolonged political stability. Ours is a frontier region inhabited by various nationalities so we have to further carry forward the fine tradition of national unity and strengthen national unity so that various nationalities will be on very intimate terms with each other and live together in harmony. It is necessary to establish closer relations between the people on the one hand and the Army and government on the other, further strengthen solidarity between cadres. We should use cadres who have both ability and political integrity, and treat local cadres and cadres from other localities as equals. We should attach importance to training and selecting minority nationality cadres. All levels of leading cadres should set an example by maintaining solidarity. All cadres should follow Secretary General Jiang Zemin's directives in their work: They should adopt a forward-looking attitude rather than quibbling over old scores. They should learn from and help each other, work with one heart, and forge ahead in unity so that they will unite the people of all nationalities across the region to work for the prosperity of Guangxi.

2. Persist in making economic construction the core of our work. The secretary general showed great concern for our economic construction. He demanded that all levels of party organizations implement the party's basic lines in a better way. They must try their best to promote economic construction, conscientiously study economic problems, and coordinate efforts of the cadres and the masses to make a greater success of the economic construction. All departments should arrange their work around this central task and serve this central task. They should make plans for economic construction and work out specific measures. They should do solid things for economic construction and support rather than contain each other. They should take into account the overall interests rather than just local interests. We should draw up our 10-year development program and the Eighth Five-Year Plan in accordance with the party's lines and Guangxi's actual conditions. We should work steadily and make solid progress. We should talk less and work harder and finish a job once we have started it. We should achieve fruitful results in developing the economy. In rural areas, we should consolidate the system of contracted responsibilities on the household basis, with remuneration linked to output and set up or improve the socialized scientific and technical, supply and marketing service system and gradually develop the

collective economy. Great efforts should be made to steadily increase grain production, diversify the economy, and develop the processing industry and township and town enterprises in a planned way. We should pay great attention to the construction of farmland and water conservancy projects. We should help people in rocky areas build walls to preserve soil and constantly improve conditions for agricultural production. We should invigorate agriculture by applying scientific and technological achievements, do a good job in purchasing agricultural and sideline products, and make adequate preparations for next year's campaign to win a bumper harvest. For industrial production, we should: First, deepen the internal reform of enterprises; second, readjust the product mix and develop new products; and third, introduce technical transformation in a bid to improve economic performance. We should strengthen leadership over key projects so that the relevant work will proceed smoothly.

3. We should try to achieve fruitful results in supporting poor areas. All levels of party committees and governments should earnestly study and discuss this work with principal leading cadres responsible for the work. All departments concerned should exercise their functions and coordinate with each other. The work of supporting poor areas should be incorporated into the 10-year development program and the Eighth Five-Year Plan. We should support poor peasants by helping them develop agricultural production and increase their capability to support themselves. The funds for supporting the poor should be used where they are really needed rather than being diverted to any other purpose.

4. Persist in opening up to the outside world. It is necessary to bring into full play this region's favorable conditions for opening, upgrading infrastructure, continuously improving the investment environment, and focusing on upgrading products and increasing economic results. We must make a success of existing enterprises with capital resources. We should make a unified plan for opening our cities to the outside world. In working out the plan, we must have a long-run objective in mind and base the plan on present conditions so that we can make any development zone a successful one once it is under way. We should both aim high and be practical. We should develop a sense of urgency, seize the opportunity, and forge ahead. We should help develop an export-led economy and enthusiastically attract foreign capital. We should adopt preferential policies toward foreign-funded enterprises within the state regulations, and create good external conditions to attract more foreign funds and advanced technology. At the same time, we should readjust the product mix and expand foreign trade. It is necessary to give publicity to Guangxi in foreign countries so that foreign businessmen will have a better understanding of it. All levels of cadres should be educated to deepen their understanding of the necessity of opening up and master the skill to act as required by international practice. At the same time,

they should work hard to learn from good measures or regulations adopted by other provinces or regions in reform and opening up.

5. Strengthen party leadership and party building. General Secretary Jiang Zemin pointed out: Party leadership is the basic guarantee for continuous victories in our socialist modernization. To make Guangxi prosperous, we must strengthen party leadership and party building first. Leading organs and various departments at all levels throughout the region must truly give effect to the role of party committees as a leading core and the role of party organizations. Party members, no matter what their work posts are, should actively popularize the party's ideas and play an exemplary vanguard role. To strengthen the leadership line-ups we must try to select the right persons to guarantee that the leadership will be in the hands of those people loyal to Marxism. Those cadres who have wavered in their political faith, have bad conduct, have abused their powers for personal gain, and sabotaged solidarity cannot be appointed or promoted. It is necessary to strengthen ideological education and improve work styles. All levels of cadres, leading cadres in particular, should study Marxist theory hard, with stress on the theory of current socialism. We must persist in democratic centralism. At the same time, the leading body should constantly enhance its capability to solve its own problems. We should correctly carry out criticism and self-criticism. We must carry forward the work style of serving the people heart and soul, and maintaining close ties with the masses, go down to the grass-roots units and immerse ourselves among the masses, and work in a down-to-earth manner. All levels of leadership line-ups and all departments should regard themselves as public servants and earnestly reform their bureaucracy. It is necessary to intensify the building of clean and honest government. All levels of leadership line-ups must maintain high standards of ethical integrity and be industrious in performing their official duties and take effective measures to build clean and honest government persistently. We should also strengthen the party organizations at the basic level, give free rein to their role as fighting fortresses, and bring into play the exemplary vanguard role of party members.

HAINAN RIBAO To Start New Edition

OW1112114990 Beijing XINHUA in English
0816 GMT 11 Dec 90

[Text] Beijing, December 11 (XINHUA)—An overseas edition of "HAINAN DAILY" will start publication January 1, 1991.

Having obtained approval from the State Administration for Press and Publications, it will be the first newspaper published for overseas readers by a special economic zone in China, "GUANGMING DAILY" reported today.

The new newspaper will introduce Hainan's investment policy and environment, and economic information to overseas readers, the paper said.

North Region

Shanxi Governor on Local Energy Resources

OW0712121990 Beijing BEIJING REVIEW in English
No. 47 19-25 Nov pp 12-16

["Shanxi: An Expanding Energy Base—An Interview with Wang Senhao, Governor of Shanxi Province"—by Ma Qingquan; place and date not given]

[Text] Question: What makes Shanxi an energy base and how is its development?

Answer: Shanxi is one of the most resource-rich provinces in China. The abundant mineral resources are an economic advantage unique to Shanxi. Eight-five percent of the world's known minerals can be found in Shanxi. Presently, close to 90 different types of mineral resources have been discovered, 24 of which rank first in China in terms of their deposits.

The abundance of coal, among other things, is especially well-known. About 37 percent of the province's area—62,000 kilometres—contains coal. Verified coal deposit currently reaches more than 200 billion tons and projected potential reserves stand at about 900 billion tons. The reserves of industrial coal, such as coking coal and anthracite, compose half of China's total reserve. Moreover, the thick coal seam is favourable for large-scale mechanical mining. The maximum calorie produced by one kilogramme of fine coal can reach as high as 7,000-8,500 kilocalorie. At the present rate of mining, the coal reserves in Shanxi Province will last several hundred years.

Shanxi is also one of the most bauxite-rich areas in Asia. Verified bauxite reserves amount to 560 million tons. Its potential reserves are estimated to be 1 billion tons, 40 percent of the nation's total.

Iron ore resource is also very substantial. Prospected reserves of iron ore are over 3 billion tons and the potential reserve is estimated to be about 5 billion tons, ranking among the most iron ore-abundant provinces in China.

Besides, Shanxi's reserves of 20 other minerals, including mirabilite, fire clay, pearlstone, gallium, copper, cobalt, germanium and limestone, rank first or second in China.

Recently, highly economic minerals, such as gold, silver and silicon, have also been discovered in Shanxi and their reserves are enormous. The province also boasts a series of other industrial and building minerals, such as gypsum, sulfur, blacklead, asbestos, marbles and micas. There is a great potential for their development.

All these resources share similar characteristics: huge reserves, widespread distribution, complete variety, high quality, shallow deposits and easy mining. They provide uniquely favourable conditions for developing Shanxi's

economy and for conducting foreign co-operation. They also enable Shanxi to become China's major supplier of energy.

Over the past decade, Shanxi has made rapid progress in developing these resources. A cluster of large-size modern mines has been established or expanded. The Datong Mining Administration—China's largest coal mine—for instance, has been carrying out an ambitious plan to establish new or expand old mines since 1983. During the first phase, two large coal pits were built and another five expanded, enabling production to rise from the previous several million tons to the current 20 million tons and higher. The development of other resources is similar. A new energy base is forming. Asia's largest aluminum oxide factory, which is still under construction, is a portion of the programme.

In developing the resources, Shanxi combines efforts by the state, local governments and collective enterprises and encourages foreign businesspeople to co-operate with it. The state invests in the construction of large projects, while local governments and collective enterprises raise money to build small-and medium-sized projects. Foreign-funded projects are also developing and will become the focus of future development.

Q: How will be energy and heavy industries in Shanxi develop based on the mineral resources? How is the situation in introducing foreign capital advanced technology and equipment?

A: The natural resources have made Shanxi China's largest coal and electricity-producing base and an important base for the production of iron and steel, machinery and chemicals.

The coal industry is Shanxi's backbone industry. So far several hundred coal mining enterprises of large and medium scale have been established and small coal mines are abundant. There are six extra-large coal mines that annually produce 10 million tons of coal each. The above-mentioned Datong Coal Mine has an annual capacity of 34 million tons.

Statistics place the province's annual coal output at 270 million tons, 70 percent of China's total coal supply. Aside from meeting domestic demands, Shanxi's coal is also exported to dozens of countries and regions. The export volume now stands at 20 million tons, half of the country's entire coal export.

Imports of technology and utilization of foreign funds are important reasons for the rapid development. Incomplete statistics show that in the past ten years several hundred million U.S. dollars have been spent introducing 40 types of large-scale advanced equipment from a dozen foreign countries. This technology and mechanized equipment have advanced large-scale coal mines to the international level of the early 1980s, significantly reduced labour intensity, doubled and redoubled output, and promoted the innovation of home-made equipment. Now most of the equipment can be made domestically.

There are four large-scale projects which are foreign funded, with a total foreign investment of U.S.\$436 million. They are the Antaibao Opencast Coal Mine in Pinsuo, a Sino-U.S. joint venture; the Changchun Coal Mine and Dressing Plant under the Luan Mining Agency which received loans from the World Bank; the Japan-financed Gujiao Mining Area, and the Bai-long Mine, a compensation trade between China and Romania. The Antaibao Opencast Mine is the largest joint venture in China, including U.S. investments of U.S.\$350 million. With all its technology and equipment provided by the U.S. partner, the mine reaches the world's advanced technological level. The newly established Pinsuo and Gujiao mining areas increase Shanxi Province's annual coal production by 50.52 million tons.

Electricity is another energy industry of the province. Presently, the province's total installed capacity amounts to 5.3 million kilowatts. The total amount of electricity generated in 1989 was 30.19 billion kilowatt-hour. By the end of this century, total installed capacity will increase to 10 million kilowatts, and Shanxi will become China's largest electrical base.

All large power plants have introduced advanced equipment and funds from foreign countries. For example, the first-and second-term projects of the Shengtou Power Plant, presently China's largest thermal power plant, has introduced equipment from Czechoslovakia, the Soviet Union, Britain, Germany, Italy and France. Other joint-venture power plants include the Liu-chun Power Plant established by using loans from the Asian Development Bank and the Hejin Power Plant built with Japanese loans.

Shanxi Province also possesses the largest aluminium production base in Asia. Annual production of the first-term project of the Shanxi Oxidizing Aluminium Plant reached 200,000 tons. The second-term project is under construction with German funds and technology. After its completion in 1993, annual production is expected to reach 1.2 million tons, equal to China's total present annual production.

Shanxi's metallurgical industry is also quite developed. The province possesses China's largest special steel production base—the Taiyuan Steel Plant. The plant annually produces 1.6 million tons of steel, primarily special steel. The rolled steel it produces meets more than 4,000 standards. It also produces the most advanced materials for communication satellites and carrier rockets.

In the past few years, the plant introduced metallurgical and steel rolling equipment from Germany, Sweden, the Soviet Union and Austria. The plant's German equipment and technology to produce stainless steel greatly increased its technological and production levels. Products not only met the demand on the home market, but were also exported to more than 20 foreign countries and regions.

Shanxi has many key state enterprises that produce metallurgical, mining, electronic, farm machine and military products. They are able to produce large and hi-tech equipment, such as the Am-500 double-ended coal-cutter, the 16-square-metre power shovels, and the 140 steel pipe rolling machine made for China's largest steel plant—the Baoshan Steel Plant.

Coal chemical industry established by using coal resources has developed on a large scale. Shanxi has China's largest compound chemical fertilizer plant which used coal as the raw material. The plant annually produces 900,000 tons of phosphate and nitric acid.

Q: Would you please comment on Shanxi province's foreign trade, foreign economic exchange and co-operation, joint-ventures, as well as its efforts in improving the investment environment?

A: Being a landlocked province, Shanxi began opening to the outside in 1979. Its exchange and co-operation with other countries has expanded daily ever since.

Until now, Shanxi has established economic and trade relations with more than 100 countries and regions. In 1989, the province's foreign trade amounted to U.S.\$460 million, an increase of 10.4 times compared with 1981, of which exports equalling U.S.\$400 million went directly to 71 countries and regions. Coal accounted for a majority of the exported products. In the past few years, an export system, comprised of thousands of enterprises, and dozens of large bases, has been set up. Imports, primarily hi-tech products of machinery and electronics, also increased annually, reaching U.S.\$61.87 million in 1989. Foreign trade this year is expected to rise by 20 percent over last year's figures.

In the early 1980s, Shanxi introduced only four technical projects using foreign funds and now that figure has increased 100 times over. It has accepted U.S.\$200 million (excluding the amount used by large projects in the state plan) from 25 countries and regions, and more than 100 projects are in production, adding 1.56 billion yuan of output. The province has recently signed an agreement with the World Bank involving U.S.\$21.5 million in preferential loans.

The development of joint ventures is comparatively slow. Foreign businesspeople invested U.S.\$31.7 million in 60 enterprises, which have good efficiency. For example, a Chinese-Italian joint building materials company exports all of its products and the annual output value reaches U.S.\$4 million. Shanxi has also established six enterprises or joint ventures in foreign countries.

The export of labour and technology has made significant progress. Shanxi sent 1,300 technicians and workers to more than 20 countries and regions in the past few years, and the contracted projects are valued at U.S.\$14 million.

Shanxi has mapped out favourable measures for foreign investment. Foreign-funded enterprises are given priority and guarantees in raw material supplies and transportation. An association has also been set up to serve foreign enterprises. Economic and trade talks interested thousands of foreign business people and personnel in scientific and technological circles. Foreign ambassadors and journalists were invited to investigate and tour Shanxi.

Q: What about Shanxi's future development plan and prospects? Which opportunities and fields for co-operation are available and what changes will happen to the policy?

A: In the coming decade, Shanxi will still be listed as the state's major energy base and heavy industry base. It will continue to build and expand large-scale projects.

By the end of this century, Shanxi's annual production of coal is expected to reach 400 million tons, nearly double the current volume, which will be due to the construction of 9 large-scale coal mines and the expansion and renovation of existing coal mines. Some large-scale thermal power plants are planned to be built so as to double the electricity output.

Infrastructure such as transportation, post and communications will be strengthened. Several railway lines and a superhighway will be built. A fibre-optic communications network across the province will increase Shanxi's ability of international direct dialing.

The above-mentioned projects and co-operative fields will provide numerous opportunities for foreign investors. In the future, Shanxi will enlarge the scope of foreign investment and will be more flexible. Key construction projects will continue to introduce foreign funds, while more foreign-owned companies and co-operative enterprises will be welcomed. A special economic development zone has been designated, and more measures favourable to foreign investments have been planned.

In summary, Shanxi will increasingly expand contacts and co-operation with foreign countries in various fields.

Q: What are the major problems and difficulties facing Shanxi?

A: First of all, Shanxi faces a serious shortage of funds. In the coming decade, new projects and expanding projects will require 12 billion yuan. Except for the investment of the central government, there is a large gap in the local government's investment budget.

Secondly, the sluggish market caused overstocking of an estimated 54 million tons of coal. The export and compensatory trade of coal has been restricted because the province has no power to export coal.

Shanxi also suffers severe pollution and shortages of water resources. But efforts are being made to tackle

these problems. Now conditions are improving and should not hinder Shanxi's construction and opening up to the outside world.

Northeast Region

Jilin Oilfield Meets Production Task Early

SK1112005990 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 10 Dec 90

[Summary] By 10 December, the Jilin Oil Field had produced 3.35 million tons of crude oil, fulfilling the state-assigned annual production task 21 days ahead of schedule.

Jilin Industrial Enterprises Achieve Increase

SK1112010190 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 10 Dec 90

[Summary] During the Seventh Five-Year Plan period, enterprises of the first light industry of the province increased their output value by 46.8 percent, profits and taxes by 72.8 percent, and fixed asset investment by 150 percent over those of the Sixth Five-Year Plan period.

Jilin Reports 'Notable' Transportation Achievements

SK1012151090 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 9 Dec 90

[Summary] Our province made notable transportation achievements in the Seventh Five-Year Plan period. A total of 1.25 billion yuan was invested in the key road construction projects in the period. The total length of the province's roads reached 27,530 km, an increase of 3,659 km over the Sixth Five-Year Plan period. During the Seventh Five-Year Plan period, our province built or expanded 11 berths, increasing the cargo-handling capacity by 600,000 tons.

Jilin Studies Party Rules, Regulations

SK1112013990 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 9 Dec 90

[Excerpt] At present, party organizations at various levels throughout the province [words indistinct] are conscientiously carrying out the study and education activity aiming at popularizing party rules and regulations, with the study of the regulations of party discipline as the major content. The activity has the characteristics that leading persons have paid great attention to it, that there are specific measures for it, that prominence has been given to the focal points, and that flexible methods stressing practical results have been worked out.

The provincial party committee, as well as the party committees and discipline inspection commissions at various levels, attached great importance to the study and education activity. He Zhukang, secretary of the provincial party committee, was the first to make a suggestion on the activity at a Standing Committee

meeting of the provincial party committee, and personally inquired about it on several occasions after the meeting. The provincial Discipline Inspection Commission held several Standing Committee meetings to study and work out measures for implementing the decision of the provincial party committee. Meanwhile, it particularly issued a document on launching the party rules and regulations study and education activity. To resolve the shortage of funds for the education activity, the provincial financial department issued 70,000 yuan of special funds and the Organization Department of the provincial party committee issued 75,000 yuan of party membership fees to fund the education activity.

The party committees and discipline inspection commissions of various cities, the prefecture, and the autonomous prefecture also have swung into action. They held Standing Committee meetings to conscientiously study ways for their own localities to launch the study and education activity. The party committees also approved and transmitted in the form of documents the study and education programs of the discipline inspection commissions.

The provincial Discipline Inspection Commission printed and issued free of charge more than 107,000 copies of selected regulations on party discipline to the grass-roots party branches and party-member cadres at and above the county and section level throughout the province. Based on their specific conditions, various cities, the prefecture, and counties also compiled selected rules and regulations and a collection of typical cases. The province printed and issued nearly 150,000 copies of the teaching materials of various types.

The provincial Discipline Inspection Commission sent cadres to the eight cities, prefectures, autonomous prefectures, and the 26 party-style liaison stations throughout the province to conduct investigations and study, work out measures, summarize the experiences of the selected units, and give guidance to the study activity. All localities also included the study of party rules and regulations in the courses of their party schools, cadres schools, and spare-time party schools, and in their programs for training rural party members this winter and next spring. In implementing the guidelines of the decision of the provincial party committee, the provincial Discipline Inspection Commission started the work with the departments directly under the province. They made the best use of the typical discipline breaches committed by party-member leading cadres at various levels to conduct vivid and practical education in the 113 departments and bureaus directly under the province on party rules and regulations through the measures of [words indistinct], publicizing discipline breaches, publicly discussing opinions to handle the breaches, and making the results in handling the public. [passage omitted]

He Zhukang Speaks at Theory Study Forum*SK0812122890 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 7 Dec 90*

[Text] On the morning of 7 December, Comrade He Zhukang came to the provincial party committee party school to hold a forum with the party-member leading cadres and cadres in training from the higher educational institutions. During the forum, he delivered a speech in which he urged the leading comrades of higher educational institutions to earnestly study and master the basic theories of Marxism-Leninism-Mao Zedong Thought and to upgrade their leading standard so as to strictly run their schools and conduct education.

Comrade Gaoyan presided over the forum. The presidents of various universities, bearing in mind the reality in their schools, put forward many favorable opinions and suggestions on the following issues: how to uphold the socialist schooling direction of higher educational institutions; how to enhance ideological and political work; and how to impart knowledge and educate people.

After hearing the opinions raised by the participants at the forum, Comrade He Zhukang said in his speech that it is quite necessary for those present to get together in the training class to study and discuss again the basic theories of Marxism-Leninism-Mao Zedong Thought so as to dialectically analyze the current situation at home and abroad. He said that we now are at a crucial moment and our party, which is in power and is a leading organization, should not only have a sense of responsibility and emergency in mastering the situation but should also use Marxism-Leninism-Mao Zedong Thought to guide its work. Only by doing a good job in studying theories and mastering the methods of using them can we better unify our thinking and guide our practice.

During the forum, Comrade He Zhukang spent much time discussing with participants the issue of how to strictly run schools and conduct education. In his speech, he stated that the basic task of schools is to train qualified and specialized personnel for building socialist modernization, and schools bear quite heavy duties. Therefore, the high standard and the strict demands set by us for schools, teachers, and students are all imposed on us by the fine tradition of the Chinese nation and by the current situation and tasks. The key to education lies in upgrading quality. The key is also that in conducting education, we should strive to enable schools to uphold the socialist direction and to become frontrunners in training new successors with the four requirements of cadres. First, we should have schools set strict demands for ideological and political work and have students foster the correct outlook on life and the world. Only by doing so can we straighten out the purpose of study; have schools make contributions to building socialism reflecting the Chinese characteristics; have both teachers and students cherish the country and the people, seek truth, sacrifice themselves for the progressive cause of the motherland, wholeheartedly seek benefits for the

people, be clear about what to love and what to hate, observe the law and discipline, and stress civilizations and morality. Second, we should be stern, earnest, conscientious, realistic, and meticulous in carrying out educational work and should train students to be personnel with overall capabilities, real ability and learning, and certain capability in analyzing and dealing with problems. Third, we should give strict training to the physical fitness and mental attitude of students in order to enable them to be the backbone personnel filled with youthful spirit, able to go all out and make progress, and having achieved overall development.

In his speech, He Zhukang stressed that the key to strictly running the schools and conducting education lies in leadership, and lies in teachers who should set examples in ideology, politics, academic work, and work style, who should upgrade the art of leadership, and who should improve their work methods. He urged higher educational institutions, because they successfully impart knowledge and educate people, as well as fulfill the tasks of scientific research, to continuously develop their achievements and to make all-out efforts and still greater contributions to making the province prosperous.

Northwest Region**Gansu Secretary Commends Outstanding Athletes***HK0712142090 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 4 Dec 90*

[Excerpts] Yesterday afternoon, the provincial party committee and government held a summation and commendation meeting in the provincial CPPCC [Chinese People's Political Consultative Conference] committee auditorium to commend and reward our province's athletes and working personnel who had scored excellent results in the Beijing Asian Games, as well as all the units and individuals that made contributions to the Asian Games. [passage omitted]

At 1500 in the afternoon, provincial Physical Culture and Sports Commission Director (Zhang Weize) opened the meeting. [passage omitted]

After provincial government Deputy Secretary General (Wei Qinghong) read a commendation decision made jointly by the provincial party committee and government, Gu Jinchu, Li Ziqi, Fu Quanyou, Ge Shiyang, Lu Kejian, Wang Bingxiang, Zhang Wule, (Sun Cuiting), Ma Qianqing, Liu Ying, Zhang Xuezhong, and other leading comrades respectively conferred certificates of merit, cash awards, and souvenirs on all the units and individuals commended at the meeting. [passage omitted]

Xinjiang's Anti-Corruption Drive Pays Off*OW0712131590 Urumqi XINJIANG RIBAO in Chinese
4 Nov 90 pp 1, 3*

[Review by reporter He Ruilan (0149 3843 5695) in Urumqi]

[Text] At the Fourth Plenary Session of the 13th Party Central Committee, the party laid down four major tasks. One of the tasks was to wage war against corruption and to promote clean government. Since then, all levels of party committees, governments, and discipline inspection commissions, as well as all levels of supervision, judicial, and auditing departments in the region, have vigorously carried out the task. As a result, remarkable accomplishments have been achieved.

According to statistics, from July 1989 through the end of June this year, a total of 5,998 cases were filed in the region, of which 846 were major cases. So far, 3,734 cases have been closed, and 27,536,900 yuan of cash and goods obtained illicitly has been recovered. The cases involved 2,398 Communist Party members, 21 cadres at the regional department level, and 311 cadres at the county and regimental levels. Judicial, party, and administrative punishments have been meted out to those committing serious offenses.

At the 13th Plenary (Enlarged) Session of the third regional party committee, held in July last year, the autonomous regional party committee made specific plans to launch a region-wide campaign to fight against corruption and promote clean government. Party committees at all levels in the region have since enhanced their leadership in the anti-corruption drive. Anti-corruption leading groups and offices were established throughout the region. Law enforcement organizations at all levels were mobilized, including discipline inspection commissions; procuratorial organs; courts; supervision, public security, and auditing departments; and administrations for industry and commerce. In close coordination, they have swiftly investigated a number of major cases of graft, bribery, speculation, and profiteering; punished criminals; and re-educated those who violated laws and regulations. They thus have helped the state recover huge economic losses, improved the work style in party and government organizations, and improved the general atmosphere in society. The leading group in charge of the anti-corruption campaign to promote clean government under the autonomous regional party committee and the autonomous regional discipline inspection commission co-sponsored a forum on party work style and clean government in August this year. The forum summarized and compared notes on efforts to improve the party work style and promote clean government in the region. Future tasks were discussed and set. The issue of the illegal construction of private houses by party and government cadres was given special attention at the forum. The autonomous regional party committee was determined to solve this problem.

The experience of those departments and units in the region that have made great progress in improving the party work style and promoting clean government has proven an important fact. That is, the anti-corruption drive should be taken as seriously as would the efforts to uphold the socialist system and maintain lasting order and peace in the country, and practical anti-corruption

measures should be formulated based on actual conditions in localities. For instance, Turpan Prefecture tackled "hot-spot" issues after strong public complaints. The prefecture was especially serious about such problems as abusing power for personal gain, illegal construction of private houses, wining and dining at public expense, and failure to repay public funds. It concentrated on investigating the illegal construction of private houses by party members and cadres. Of the 821 households that built private houses in the prefecture, 70 were found to have violated regulations. Proper actions were taken accordingly. Ili Prefecture focused on recovering defaulted public funds in its supply and marketing sector. Some 1.33 million yuan of public funds in arrears was collected as a result. Various localities and departments have also made progress in curbing the practice of using public funds for entertainment. According to surveys by several major guesthouses by the autonomous regional government's department in charge of social functions, the Bayingolin Mongol Autonomous Prefecture, and the Ili Kazak Autonomous Prefecture, the use of public funds for entertainment dropped 60-70 percent in July, August, and September this year, as compared to the same period last year.

The region's anti-corruption campaign features the following three characteristics: first, it has covered a broad area; second, it has been vigorously carried out in a down-to-earth and earnest manner; and third, it has been thorough. The results of the campaign have boosted the people's confidence in the war against corruption and further cemented relations between the party and the people and between cadres and the people.

Nevertheless, there are some problems that should not be ignored. Mainly, the anti-corruption work ahead is still very arduous, and there are still many difficulties and obstructions confronting the investigation of major cases. Some party organizations have shown very little initiative and have not been enthusiastic about the campaign. As a result, the campaign has never really made it onto their agenda. Those criminals who have concealed themselves well have yet to be exposed, and a number of major cases have yet to be tackled. Meanwhile, people have continued to commit the same offenses. Some localities have failed to strike a balance between punishment and leniency, resulting in too much clemency for those who break the law. Other localities and departments have inadequate supervisory systems, and their measures for promoting clean government have been too vague to be functional. In still other localities, cooperation among departments and among areas has not been well coordinated. Subsequently, cases have not been submitted on a timely basis, thus affecting their handling.

At present, party and government organizations at all levels are focusing their efforts on uncovering cases of graft, bribery, blackmailing through manipulation of authority, power abuse for personal gains, and extravagance, as well as on those involving dereliction of duty, bureaucracy, nepotism, and the violation of regulations

governing cadres and personnel. Their main targets include: first, leading party and government organizations, as well as leading cadres with party membership, at all levels; and second, unhealthy professional practices in departments with authority over human, financial, and material resources, as well as law-enforcing departments.

Xinjiang Expands Medical, Health Services

OW1112130590 Beijing XINHUA in English
0820 GMT 11 Dec 90

[Text] Beijing, December 11 (XINHUA)—Medical and health services have developed quickly over the past 10 years in northwest China's Xinjiang Uygur Autonomous Region, "GUANGMING DAILY" reported today.

According to the newspaper, the number of hospitals of traditional Chinese medicine, and hospitals and clinics specially for minority-nationality people has reached 63, with 3,340 employees.

Nowadays, 40 percent of the patients in Xinjiang prefer treatment with traditional Chinese or Uygur medicine.

In regions where minority nationalities live in compact communities 80 percent of the patients choose treatment using traditional Uygur medicine.

Hospitals at various levels have also opened clinics for specialized treatment such as sand treatment, medicinal baths and hot spring treatment.

Hospitals at the regional level have also organized professional personnel to compile medical textbooks and undertake clinical teaching in order to train more health and medical workers.

By now, more than 10,000 people have received professional training in medicine and are engaged in the work of traditional medical treatment in the region's rural and pastoral areas.

Meanwhile, the regional government has invested over 300 million yuan to improve the quality of water in rural areas in an effort to prevent diseases over the past few years, according to today's "ECONOMIC DAILY".

And more than 6.16 million farmers in Xinjiang now have pure tap or well water, according to the paper.

Finance Minister Views USSR Trade Relations

OW0612051990 Taipei CNA in English 1547 GMT
5 Dec 90

[Text] Taipei, Dec. 5 (CNA)—Finance Minister Wang Chien-shien said Wednesday that the government is watching developing [word indistinct] of trade relations between the Republic of China (ROC) and the Soviet Union before a decision can be made on granting preferential tariff treatment to the socialist giant.

In reply to an interpellation by legislator Chen [words indistinct] at a Legislative Yuan committee meeting, Wang said there are problems as well as opportunities in trade with the Soviet Union and further studies are needed as far as preferential treatment is concerned.

But Wang did not rule out the possibility of granting preferential treatment to the Soviet Union.

The Republic of China has granted preferential treatment to Poland, Hungary, and Yugoslavia, Wang said, and his ministry will consider giving preferential treatment to other East European countries as trade develops between the ROC and that part of the world.

Mexico To Issue Entry Visas for Taiwan Citizens

OW0612052790 Taipei CNA in English 1554 GMT
5 Dec 90

[Text] Taipei, Dec. 5 (CNA)—Republic of China (ROC) citizens planning to visit Mexico will be issued entry visas by Mexico authorities here soon, Ministry of Foreign Affairs officials said Wednesday.

A Mexican immigration official will be sent to Taiwan to handle visa applications early next year, the ministry officials said.

This will be a significant improvement in relations between the Republic of China and Mexico, the officials said.

Right now ROC citizens intending to visit Mexico must apply to the Taipei branch of the Mexican Import-Export Bank (Bancomex) for entry visas, their applications are then forwarded to Mexico's Hong Kong consulate general for approval.

The application procedures will be shortened to only one or two working days after the immigration official arrives in Taiwan, the officials predicted.

The improved ties, the officials explained, were attributable to efforts of ROC representatives there in general, and to the current visit to Mexico of an ROC delegation headed by Vice Economic Minister P.K. Chiang in particular.

The officials recalled that the Mexican Government has been trying to distance itself from the Republic of China since it switched diplomatic relations from Taipei to Peking on Feb. 14, 1972.

Since then their relations had virtually experienced no improvement until 1985 when the semi-official China External Trade Development Council opened an office in Mexico City. [Words indistinct], the trade office was not authorized to handle consular affairs, the officials noted.

Among the latest of a series of Mexican Government moves to better trade ties with Taiwan is Bancomex's opening of a Taipei office in June this year, the officials said. Bilateral trade between the two countries has reached 300 million U.S. dollars annually.

New Ambassador Meets South African President

OW0612055490 Taipei CNA in English 1423 GMT
5 Dec 90

[Text] Johannesburg, Dec. 5 (CNA)—The new ambassador of the Republic of China (ROC) to South Africa, Mr. Lu I-cheng, presented his credentials to President F.W. de Klerk at the presidential guest house in Pretoria Wednesday morning.

While presenting the letter of credence, Amb. Lu said the government and the people of the ROC wholeheartedly support President de Klerk's initiatives in constitutional reform that will have far-reaching influence in the years to come, and that will be conducive to peace and stability in this part of the world.

After accepting Amb. Lu's credentials, President de Klerk said South Africa is making a breakthrough to normal relationship with the international community. "In this period, we will not forget our old friends, and we won't change old friends for new friends," he emphasized.

"We look forward to continuing good relations with your country, to also expanding trade and further [word indistinct] our relationship which we have been building up over the years," de Klerk told the ROC's new ambassador to Pretoria.

The president also praised the Chinese community in South Africa, saying that "we are proud of the community. They have done marvelous things in South Africa."

De Klerk thanked the good wishes from President Li Teng-hui and asked Amb. Lu to convey his wishes to President Li.

Visa Restrictions Eased for Nine Countries

OW1012192090 Taipei CNA in English 1552 GMT
10 Dec 90

[Text] Taipei, Dec. 10 (CNA)—The Ministry of Foreign Affairs announced Monday that it has decided to grant multiple entry visa applications to citizens from nineteen countries including Belgium, Singapore and France.

The ministry said it has authorized Republic of China offices in France, Belgium, Austria, Sweden, Norway, Spain, South Korea, Singapore and South Africa to grant three year multiple entry visas to citizens from those countries, each visit can last 14 days.

The ministry said it is also studying measures to give similar treatment to another 12 countries: the United Kingdom, Holland, Luxembourg, Germany, Switzerland, Denmark, Ireland, Hungary, Greece, New Zealand, Australia, and Canada.

Citizens of those countries visiting the Republic of China on business visas already are able to receive multiple entry visas valid for one to three years; a visit can last 60 days.

As for the United States, the ministry said it continues to grant American visitors five-year multiple visas.

The ministry hopes the countries benefiting from the new measures will grant reciprocal treatment to ROC citizens.

Hao Greets Overseas Chinese Affairs Commission

*OW1012191490 Taipei CNA in English 1556 GMT
10 Dec 90*

[Text] Taipei, Dec. 10 (CNA)—Premier Hao Po-tsun said Monday that the government will combine forces from Taiwan, overseas and mainland China to create a foundation for national reconstruction.

Speaking at the annual plenary session of the Overseas Chinese Affairs Commission, Hao said that the government treasures the views of Overseas Chinese on national reconstruction and he believes that Overseas Chinese will play a vital role in the process of Chinese reunification.

Hao said more attention should be paid to the development of Overseas Chinese organizations, the promotion of Overseas Chinese education and the upgrading of Overseas Chinese economic prosperity.

The Republic of China's mainland policy, Hao said, also aims to promote the well-being of Chinese from both sides of the Taiwan Strait once the safety of Taiwan's 20 million people is secured.

On relations across the Strait, Hao said that the government will continue to promote the "Taiwan experience" and civilian exchanges across the Strait in order to achieve the reunification of China under democracy and freedom and an equitable distribution of wealth.

Senior Presidential Adviser Interested in Top Job

*OW0612105390 Taipei International Service
in English 0200 GMT 6 Dec 90*

[Text] Chiu Chuang-huan, a senior adviser to the president, has said he is considering running for the nation's highest office in 1996. The former Taiwan governor, a native of Changhua County, is the second native son among government elders to express his presidential ambitions. Judicial Yuan President Lin Yang-kang, who

is from Nantou, said last weekend that he will join the presidential sweepstakes five years from now, if conditions are right.

Chiu, who is 65, predicted that there will be several contenders in the next presidential race. He said the period of his consideration will not be long. Unlike Lin, Chiu did not spell out the conditions on which his decision will be based. President Li Teng-hui, who is 66, has announced his decision not to seek re-election after his six-year term expires. The only one in the opposition Democratic Progressive Party who has openly expressed interest in the next presidential race is its chairman Huang Hsin-chieh.

Nuclear Power Plant To Begin Operation in 8 Years

*OW0712193090 Taipei CNA in English 1542 GMT
7 Dec 90*

[Text] Taipei, Dec. 7 (CNA)—A new nuclear power plant is expected to begin operations in Taiwan in eight years, an official of the state-run Taiwan Power Company said Friday.

With two light-water reactors, the plant valued at 160 billion new Taiwan dollars (about 5.9 billion US dollars) will have an installation capacity of 2 million kilowatts, the official said.

The plant's planned site is in Kungliao, a small village on the northern tip of Taiwan.

Taipower President Chang Su-min confirmed today that the government has made up its mind to build the plant since it will be important for the country's future prosperity, stability and energy supplies.

To mollify the anti-nuclear power sentiments of Kungliao residents, Chang stressed that Taipower is committed to reducing to the minimum the plant's impact on the natural environment and doing its utmost to prevent radiation leakage.

The plant's structure will be strong enough to sustain an earthquake measuring 8 on the open-ended Richter Scale, he said. Even if the plant site were hit by such a strong quake, the nuclear reactors could still be shut down safely.

Draft of New Territorial Waters Bill Formulated

*OW1112033090 Taipei CHINA POST in English
6 Dec 90 p. 12*

[Text] Commanding officers of foreign ships that intrude into the Republic of China's [ROC] territorial waters may be jailed for up to five years and fined a maximum of NT\$15 million, according to a draft of the Territorial Waters Bill.

At a meeting of the Defense, Foreign, Finance and Interior ministries, officials agreed that the punishment would apply to foreign merchant marine and naval vessels that violate ROC customs, immigration or health laws in territorial waters.

The extent of the ROC's territorial waters would be announced after the Interior Ministry completes articles in the proposed bill that specify the baselines for the 320-kilometer exclusive economic zone, officials disclosed.

In principle, the ROC's territorial waters will extend 12 nautical miles from the baseline, officials said.

The bill will enable the government to regulate vessels entering the country's territorial waters and ban ships deemed a threat to national or maritime security, officials said.

The ROC has rarely detained foreign vessels for violating laws within its waters, but may be allowed to do so under the proposed bill, officials said.

Hong Kong

Official Urges PRC-UK Contacts on Issues

HK1012130090 Hong Kong HSIN WAN PAO
in Chinese 10 Dec 90 p 1

["Special Dispatch" from Guangzhou, by reporter Chen Shao-chiang (7115 1421 1730): "Lu Ping Meets the Press in Guangzhou and Stresses Need To Set Up Regular Channels To Promote Sino-British Bilateral Contacts"]

[Text] Guangzhou, 10 Dec—Lu Ping, director of the State Council's Office on Hong Kong-Macao Affairs, indicated this morning that both China and Britain should step up efforts to establish all kinds of channels of contacts, adding that this would be beneficial to a smooth transition in Hong Kong.

At this morning's press conference, a reporter asked if the public views expressed by the Chinese side on Hong Kong's Town Planning Bill was an indication of insufficient contact channels between China and Britain (Hong Kong). Lu Ping stated that prior to last year, various types and levels of contact channels were set up by the Chinese and the British sides, allowing for mutual discussions and consultations on many issues. Some channels have ceased, however, to exist while others are no longer very effective. At the moment, both the Chinese and British sides are working to see to it that the existing channels continue to be effective. He believed that these problems will not take too long to resolve.

He maintained that both sides should set up a regular channel where everyone can keep each other informed, exchange views privately, and not publicize differences of opinion. He pointed out that the view given by the NEW CHINA NEWS AGENCY Hong Kong Branch on the Hong Kong Town Planning Bill earlier was merely a statement of its opinions and did not constitute an intervention into the domestic affairs of Hong Kong. The public should not look at this incident too seriously.

On the question of work in the second half of the transition period, Lu Ping noted that in accordance with the Sino-British Joint Declaration, the Chinese and the British sides have to step up consultations to ensure a smooth transition and orderly turnover of the entire society in Hong Kong come 1997.

Newly-appointed director of the State Council's Office on Hong Kong-Macao Affairs Lu Ping today met officially with Hong Kong and Macao reporters for the first time. He indicated that the Chinese Government's prevailing policy on Hong Kong and Macao will not change because of personnel changes.

Lu Ping is in Guangzhou to take part in the Fifth Plenary Session of the Macao Basic Law Drafting Committee scheduled for tomorrow. He is the secretary general of the Macao Basic Law drafting committee.

Speaking at this morning's brief press conference, Lu Ping began by saying that the former director and deputy director of the Office on Hong Kong-Macao Affairs, Ji Pengfei and Li Hou, had to resign from their posts because of old age. But they had laid a very good foundation on the work on Hong Kong and Macao and the Office on Hong Kong-Macao Affairs will continue to work for implementation of the Sino-British and Sino-Portuguese Joint Declarations, for the stability and prosperity of Hong Kong and Macao and for a smooth transition and orderly turnover.

Responding to questions about the new Hong Kong airport, he said: The Chinese Government has consistently maintained that Hong Kong needs a new airport, insofar as its long-term interest is concerned. Back in the early 1980's, the Chinese side raised this concern and hoped that a new airport would be built as soon as possible in Hong Kong. He noted that if work had been started at that time, construction would have been completed by now and there would have been no problems at all. Owing to various factors in Hong Kong, this issue, however, dragged on and it was only last year that a decision to build a new airport was made. Now, the principal problem lies in financing, where the future government of the Special Administrative Region will have to shoulder part of the burden because construction of the new airport could extend beyond 1997.

Lu Ping continued: The Hong Kong Government has repeatedly raised the issue with the Chinese side and hoped for its show of support. This being the case, the Chinese side would like to know more about the situation and hopes that the Hong Kong side will provide relevant information for study. The Chinese side cannot blindly support the construction of a new airport.

Lu Ping pointed out that the Chinese Government has to be responsible to the government of the Special Administrative Region and the people of Hong Kong after 1997.

Sino-British Joint Liaison Group Begins Meeting

OW1112113890 Beijing XINHUA in English
1121 GMT 11 Dec 90

[Text] Hong Kong, December 11 (XINHUA)—The Sino-British joint liaison group started its 17th meeting here today.

Among those present at the beginning of the four-day meeting were Ambassador Guo Fengmin, senior Chinese representative, and A.C. Galsworthy, senior British representative and leader of the British team.

Also present on the Chinese side were resident representative Zheng Weirong, deputy director of the XINHUA NEWS AGENCY Hong Kong branch Qiao Zonghuai, resident representative Wang Jiaji, and counsellor in the Hong Kong and Macao Affairs Office under the Chinese Ministry of Foreign Affairs Hu Chuanzhong.

Personnel Changes Not To Affect PRC Policy

HK1012030990 Hong Kong SOUTH CHINA
MORNING POST in English 10 Dec 90 p 5

[By Chris Yeung]

[Text] To Mr Li Hou, the former key Chinese official in charge of Hong Kong affairs, the best thing about retirement is that he no longer has to comment on the territory's affairs.

The former deputy director of the Hong Kong and Macao Affairs office under the State Council, Mr Li was often at the centre of criticism for a spate of hard-line remarks on the territory in recent years.

Last month, he tendered his resignation to the Communist Party, citing age as the reason.

Yesterday, he was looking relaxed and grinning as he arrived at a Guangzhou hotel to attend a plenary session of the Macao Basic Law Drafting Committee, of which he is a vice-chairman.

"I'm still participating in the Macao Basic Law drafting meetings. And I'm also still a Shandong deputy to the National People's Congress," he told reporters.

The long-serving mainland official, who played a key role in the 1997 talks and the drafting of the Basic Law, however, said he would continue to pay great attention to Hong Kong matters.

"But now, I'm not in charge."

Mr Li said his stepping down and that of his boss, Mr Ji Pengfei, the former director, would not change the long-standing policy of the mainland towards Hong Kong.

"The policy has been established over a long period of time," he said.

Mr Li added that he would not serve as an adviser to the Hong Kong and Macao Affairs office, now headed by Mr Lu Ping.

He confirmed, however, that the retired Chinese leader of the Sino-British Joint Liaison Group, Mr Ke Zaishuo, was now an adviser to the Hong Kong and Macao Affairs Office's Research Institute.

Mr Li, 67, said he was going on a tour of Shandong, his native province, after the closing of the Macao Basic Law session at the end of this week.

"People say Shandong has changed a lot. I would like to see for myself. These are my plans this year. For next year, it's too early to tell," Mr Li said.

Asked if he would visit Hong Kong, he said: "Yes, by 1997."

Meanwhile, a vice-chairman of the Chinese National People's Congress, Mr Wang Hanbin, said the Standing

Committee was still studying a request by a group of local delegates that their status in the territory be clarified in the run-up to 1997.

March Protests Trial of Dissidents in China

HK1012015190 Hong Kong SOUTH CHINA
MORNING POST in English 10 Dec 90 p 5

[Text] About 1,000 people took part yesterday in a march calling for the release of pro-democracy activists arrested by Chinese authorities since the June 4 Beijing massacre last year.

The march was organized by the Hong Kong Alliance in Support of the Patriotic Democratic Movement in China following recent reports that activists faced trial and imprisonment.

The demonstrators gathered for a rally at Chater Garden in Central, carrying banners and posters with the names and pictures of arrested activists.

Shouting slogans, the marchers moved to the offices of the NEW CHINA NEWS AGENCY in Happy Valley, where they staged a demonstration.

Alliance leaders, Mr Sze-to Wah, Mr Cheung Mank-wong, Mr Lau Chin-shek and Mr Ho Chun-yan, dressed in white and wore handcuffs and chains to demonstrate sympathy with those detained in China. Those held include student leader Wang Dan and dissident intellectual Wang Jintao.

The protesters denounced the arrest of the activists.

Although alliance leaders were slightly disappointed by the turnout, they believed Hong Kong people remembered clearly what happened last year.

PRC Research Group To Study Hong Kong Laws

HK1012024990 Hong Kong SOUTH CHINA
MORNING POST in English 10 Dec 90 p 5

[By Chris Yeung in Guangzhou]

[Text] China is to set up an influential research group on Hong Kong laws to help solve the legal problems facing the territory under the "one country, two systems" policy.

The Research Institute on Hong Kong Laws is being formed by a group of former mainland Basic Law drafters under the semi-official Chinese Law Society. It is expected to be officially launched later this month.

Core organisers include Mr Shao Tianren, a Foreign Ministry legal adviser; Mr Wang Shuwen, director of the Law Institute of the Chinese Academy of Social Sciences and his colleague, Mr Wu Jianfan; Mr Xiao Wei-yun, Beijing University law lecturer and Mr Xu Chong-de, law lecturer at the People's University.

Mr Wu said yesterday there was an urgent need to study Hong Kong laws with 1997 fast approaching.

"We foresee a lot of legal problems during the transition period and after 1997. They have to be studied and dealt with."

Mr Wu said one of the key areas would be going through Hong Kong's law books to pinpoint legislation that might go against the Basic Law after 1997.

"This is onerous and massive work. It has to be started as soon as possible," he said.

The compatibility of existing laws in the future Special Administrative Region was first raised by the British team of the Sino-British Joint Liaison Group at its last full session in London.

Mr Wu insisted the new group would be an academic body, but added it might offer some advice to the central Government if asked.

He said they expected the inaugural meeting of the group to be held in a few weeks to approve its constitution and structure.

Mr Wu said they had invited local lawyers to serve as advisers.

They are Mr Simon Li Fook-sean, Miss Liu Yiu-chu, Dr Henry Wu, Mr Yuen Pak-yiu, Mr Leung Ting-pong and Mr Kenneth Chow Charn-ki.

The group would help co-ordinate efforts of similar research bodies in other institutes and do much to promote studies on Hong Kong law, he said.

Research groups on Hong Kong laws have been set up at institutes including Beijing University, the People's University in Beijing, Shanghai's Fudan University, Wuhan University and Guangdong's Zhongshan University.

"The present efforts are scattered. A centralised body will promote exchanges," Mr Wu said.

He added that the group would also benefit from experiences of the outside world in the country's drive to build up a system of law.

"Although the socialist and capitalist legal systems are different, it does not mean there should not be exchanges and absorption of the merits of other systems. Like the development of a clean government, any system is aimed at that," he said.

Meaning of Zhou Nan's 'Outpost' Remark Viewed

HK1012070990 Hong Kong WEN WEI PO in Chinese
9 Dec 90 p 7

["Letter From Readers," by Wei Te (7279 3676): "The Real Meaning of Zhou Nan's Remarks"]

[Text] At a luncheon hosted by the Federation of Hong Kong Industries on 29 November, Zhou Nan, Hong Kong

branch director of XINHUA, delivered a speech entitled "The Role of Hong Kong in China's Reform and Opening Up Is Irreplaceable." In his speech, in addition to reaffirming the role of the Federation of Hong Kong Industries in Hong Kong's economic development, Zhou Nan centered on the subject of the irreplaceable role Hong Kong has played in China's reform and opening up. Zhou Nan not only emphasized Hong Kong's special position by analyzing Hong Kong's geographic location as well as its part in the Asia-Pacific region, but also reaffirmed Hong Kong's historical position in its relationship with and its function on the Chinese mainland. At the same time, Director Zhou Nan also quoted CPC General Secretary Jiang Zemin as reiterating the CPC's confidence in Hong Kong. In his speech, he also stressed that "in order to ensure the position and role of Hong Kong are not replaced," we should not "allow a handful of people to use Hong Kong as an 'outpost' in an attempt to subvert the socialist system on the mainland."

In my opinion, Zhou Nan's remarks have given emphatic expression to the following:

First, just as Director Zhou Nan pointed out, Hong Kong has played an irreplaceable role in China's reform and opening up. This has been proved by the increasingly closer economic ties between China and Hong Kong. In the past eight or nine years, the total export value of Hong Kong products to the mainland, Hong Kong's second largest export market, has amounted to 43 billion Hong Kong dollars. As to the mainland, besides being its number one trade partner, Hong Kong has played a decisive role in such fields as its transit trade and its introduction of foreign technologies. Currently, it has become a common practice among Hong Kong businessmen to make investment in the mainland, especially in the Zhu Jiang Delta, which is permeated with an atmosphere of perfect harmony between the mainland and Hong Kong, and the number of workers in the area working for Hong Kong's export transit trade alone has reached 2.4 million.

The historical position of Hong Kong is the result of both its own environment and objective conditions. Not only does Hong Kong occupy a decisive position in world finance, trade, and culture, but its influence and function on the already opened mainland are even more "significant." This has been proved during the 10 years of reform and opening up by the fact that more than one-third of China's foreign exchange income comes from Hong Kong. We are sure that no matter how great the achievements the mainland will finally score in its opening up, to the mainland Hong Kong's position will remain important and irreplaceable.

Second, Zhou Nan's remarks have reembodyed the spirit of "one country, two systems." It is the consistent stand of the Chinese Government, whether now or after "1997," to do all it can to maintain the prosperity and stability of Hong Kong. The Chinese Government not only has confidence in a prosperous Hong Kong after "1997," but has also made its promise in the "Basic Law." In essence, this was also the subject on which Zhou Nan's remarks were

centered. Since it is more and more obvious that Hong Kong's prosperity and stability are no longer a matter of its own, but one linked to the degree of opening up of the whole mainland, and one which has a bearing on the future of China, it has always been a concern of the Chinese Government as to how to maintain Hong Kong's favorable position and implement the policy of "one country, two systems."

Third, Zhou Nan's remarks have also reminded Hong Kong people to treasure the current prosperity and stability created by their own hands. Therefore, Director Zhou Nan stressed in his speech that a handful of people are by no means allowed to use Hong Kong as an "outpost" for subverting the socialist system on the mainland. The prosperity and stability of Hong Kong depend on the unremitting efforts of Hong Kong citizens, and also on the extent of cooperation of the mainland. This will be more obvious after "1997." In order to prevent Hong Kong's position and the spirit of "one country, two systems" from being damaged, it is necessary for Hong Kong not to be used by a handful of people as an "outpost" for subverting the socialist system on the mainland. This is because if Hong Kong is used politically by a handful of people to confront the mainland, its economy is bound to be affected and "its favorable position will be turned into an unfavorable one." This view of Zhou Nan is also in full conformity with the spirit of the "Basic Law."

In a word, there is only one point in Zhou Nan's speech, that is, to carry out the policy of "one country, two systems," implement the "Basic Law," and preserve the prosperity and stability of Hong Kong. As for the angle and ways of expression, they are nothing more than improvisations. We have also noticed, of course, that on the day following Zhou Nan's speech, most of Hong Kong's press seized upon the matter and made a big issue of it. If one did not read Zhou Nan's whole speech, one would really think that Zhou Nan only talked about the issue of an "outpost," which oversensitized the press media. In fact, this issue is only one of the many grounds Zhou Nan employed in expounding the argument that Hong Kong occupies an important position.

If we view Zhou Nan's speech in a reasonable and realistic way, we are sure to feel deeply that it tallies with Hong Kong's reality. It will be another matter if one only quotes it out of context, takes only what one needs, or deliberately makes a clamor on certain issues.

XINHUA Remarks on Bill Termed 'Puzzling'

*HK1012023790 Hong Kong HONGKONG STANDARD
in English 10 Dec 90 p 1*

[By Vivian Tse and S.Y. Yue]

[Text] Introduction of the Town Planning Bill (1990) does not in any way infringe the Sino-British Joint Declaration, the Governor Sir David Wilson said yesterday.

He described as "puzzling" remarks made on the bill by XINHUA News Agency officials last week.

The officials urged the Government not to rush the passage of the controversial bill which seeks to restrict land uses and has upset rural leaders, the Heung Yee Kuk.

Speaking after arriving at Kai Tak Airport from London, Sir David said: "It is slightly puzzling that (officials of) Xinhua News Agency should think it right to issue an official statement on a matter of that sort."

"The need for having the legislation is clear. There is no infringement at all with the Joint Declaration. We certainly wouldn't have brought in the legislation if there was any infringement."

But Sir David appeared evasive when asked whether the XINHUA officials' comments were a direct interference in Hong Kong local matters before 1997.

He said: "I think I have already answered the question very well, thank you."

Later in the afternoon, four Exco [Executive Council] members—Baroness Lydia Dunn, Allen Lee, Rosanna Tam, and Rita Fan—arrived from London agreeing the bill did not infringe the Joint Declaration.

Mrs Fan, convenor of Legco's [Legislative Council] ad hoc group studying the bill, said: "In fact, the bill is a Hong Kong internal affair. We believe Legco members know very well about how to handle and discuss an internal affair as such."

Baroness Dunn said the bill would be debated by the Legco in due course.

But two former Basic Law drafters and China legal experts Wu Jianfan and Hu Chongde defended the XINHUA officials' right to intervene.

"We think the XINHUA officials who made reference to the Basic Law want to remind the Hong Kong Government on a matter which is covered by the Basic Law," said Mr Hu.

Mr Wu said the XINHUA officials were "just expressing their views on the bill and it is up to the Hong Kong Government to listen or not".

Liu Yiu-chu, a Hong Kong deputy to China's National People's Congress, said China, as the sovereign state of Hong Kong, should monitor the Hong Kong-British government before 1997.

Member-designate of the Government think-tank, Dr Joseph Cheng said China had promised not to exercise sovereign rights before 1997.

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